FINANCIAL TIMES

No. 27,621 Thursday July 27 1978 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pta 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Polaris: all-out strike threat

The Polaris dispute may worsen *today when shop stewards from* the Faslane dockyard on Clydeside call for a national strike by industrial civil servants *in all UK defence establishments.*

Yesterday the Royal Navy moved into Faslane to load supplies aboard the Polaris submarine HMS Revenge so that it can relieve HMS Resolution at sea. The Revenge had been blacked in pusuit of a pay claim.

The call for a national stoppage will be put to a national representative meeting in York. Workers at other yards have already said they will black material bound for Faslane.
Back Page

Britain expels Iraq envoys

Britain has ordered 11 Iraqis directly or indirectly connected *with Iraq's London embassy* to leave the country or not return to it if they are already abroad.

The Iraqis include five senior diplomats. The Foreign Office *said the move followed* "increasing concern at the threat posed by terrorist activities in London."

Light sentence

Mrs. Maria Slepak, wife of the exiled Jewish dissident Vladimir Slepak, was given a suspended three-year sentence in Moscow for "malicious hooliganism." It is the first sign of leniency in the recent run of dissident trials. **Page 3**

Israeli claim

Mr. Menahem Begin, Israel's Prime Minister, said an Israeli military delegation had been *ordered out of Egypt after six* months in the country. Mr. Begin gave no explanation for the move, which he said was communicated by Egypt's War *Minister*. ***Page 4***

Armed crime up

The number of crimes in England and Wales in which firearms were used rose by 14 per cent. in 1977—to 5,300. There were fewer homicides (432) than for four years but other serious crimes rose by 15 per cent.

Baby film row

A row began over a film of the world's first test tube baby, born to Mrs. Lesley Brown in Oldham. Associated Newspapers have world rights on the birth and a solicitor for the couple says the Central Office of Information, which made the film, must not release it for 28 days.

MP's damages

Mr. Andrew Faulds, Labour MP for Warley East, has accepted "*substantial damages*" for libel from the publishers and editor of the Crossman Diaries, which *had suggested Mr. Faulds was* frequently drunk in the House of Commons.

Bomb defused

A parcel bomb delivered to Conservative Central Office in Smith Square, Westminster, was defused by the bomb squad. About 100 people were evacuated from the *building*.

Killer jailed

A boy died of internal injuries after being kicked and punched by his mother's lover because he ran in front of a television set on which the man was watching a darts match. Richard Woodward, 32, was jailed for three *years for* manslaughter at St. Albans, Herts.

Briefly . . .

Yves St. Laurent's latest creation for brides is a Spanish bullfighter's outfit with black velvet pants and a bolero.

Nigeria will boycott next month's Commonwealth Games in Edmonton as a protest against apartheid.

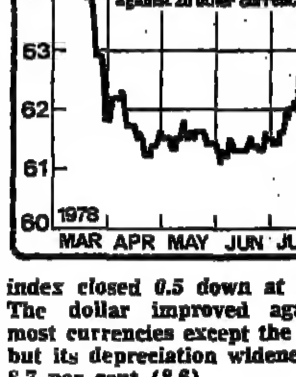
Two Britons left Newfoundland in an attempt to make the first balloon crossing of the Atlantic.

Hazell the elephant was back in Windsor Safari Park 16 hours after escaping into the nearby forest.

BUSINESS

Pound falls; equities drift

● STERLING fell sharply following *the TUC's rejection of the Government's* pay guidelines, and closed 1.45 cents down at $1.9120 after a low of $1.9085. *Its* trade-weighted



index closed *0.5 down at 62.3.* The dollar improved against most currencies except the yen, but its depreciation widened to 8.7 per cent (8.6).

● EQUITIES drifted as the market awaited the Commons vote on dividend control and *the FT ordinary index fell* 3.4 to 482.0.

● GILTS were easier as profit-taking and other selling brought *quotations down between ½ and* ¾. The Government Securities index fell 0.19 to 70.88.

● GOLD remained at $194¾ in London and in New York the Comex July settlement price fell 0.40 to $194.80.

● WALL STREET closed 7.62 up at 847.1.

● **U.S. TRADE** deficit fell sharply in June to $1.6bn from $2.25bn in May, bringing the first half deficit to $16.5bn. **Back Page**

● **FORD MOTOR** earnings increased in the second quarter of 1978 by only 1.8 per cent to $539.8m ($530.4m).

Renault has reached a tentative agreement with Mack Trucks for the *marketing* of Renault medium-duty diesel trucks in the U.S. **Page 26**

● **$15M SUIT** for breach of warranty has been filed in a Federal court in Maryland against BL, formerly British Leyland, the Centre for Auto Safety, a Washington-based consumer group said.

● **ENERGY** Minister wants to boost the coal industry, including a subsidy on the price of coal to power stations and greater Government control of the CEGB's choice of fuel for electricity generation.

● **MICRO-ELECTRONICS** industry is to receive £70m Government investment over the next five years. **Back Page**

● **OIL PRODUCTION** from the UK sector of the North Sea reached a new record of 1.11bn barrels a day in June.

● **IRAN** has raised its stake in the German *engineering*, steel and shipbuilding group Fried. Krupp to 25.01 per cent bringing its total investment to DM 870m. **Page 27**

● **A CHANGEOVER** showing UK companies' net dividends adjusted for the recent reduction in tax to 33 per cent was not made in yesterday's Financial Times, for technical reasons. The amended figures appear in today's issue.

LABOUR

● **LINWOOD** dispute talks between Chrysler management, Ministers and national union officials broke down last night. Further talks will be held tomorrow. **Page 9**

● **NEWSPAPER PUBLISHERS** Association chairman, Sir Richard Marsh, has met the Employment Secretary to discuss the journalists' dispute which has prevented publication of The Sun newspaper this week. **Page 9**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Albion	19	+ 4
Caledonia Invs.	251	+ 12
Casket (S.)	45	+ 4
Centreway	260	+ 15
Dawson Intnl.	149	+ 7
Fairbairn Lawson	62	+ 3
Farnell Elect.	320	+ 10
Ladbroke	183	+ 6
Ml. Hldgs.	148	+ 10
Macarthys Pharm	101	+ 7
PMA (Hldgs.)	42	+ 5
Photo-Me Intnl.	325	+ 27
Ransom (Wm.)	232	+ 12
Stothert and Pitt	214	+ 7
Vosper	192	+ 15
LASMO "Ops"	365	+ 15
Conzinc Riotinto	258	+ 8

FALLS

Excheq. 9½pc '82	£93⅛	− ⅛
Bourne Hollingsworth	188	− 12
Davy Intnl.	255	− 7
Hambros	164	− 7
ICI	385	− 6
Inchcape	398	− 7
Ingram (H.)	29	− 4½
Laurence Scott	103	− 5
Taylor Woodrow	366	− 8
Royal Dutch	£46⅛	− 1¼
West Drie.	£21⅞	− ½
Western Hldgs.	£20⅞	− 1

TUC line on wages upsets poll accord

BY PHILIP RAWSTORNE AND CHRISTIAN TYLER

A PRE-ELECTION show of solidarity by the TUC and Labour *Government was clouded* yesterday by an unexpectedly aggresive rebuttal of the Government's pay restraint plans by union leaders.

Mr. James Callaghan, fresh from his victory over Mrs. Margaret Thatcher in the Commons on Tuesday night, looked embarrassed and angry when asked about the TUC's rejection of his 5 per cent policy at the launching of a TUC-Labour Party document which is likely to form the basis of Labour's election manifesto.

He and Mr. Len Murray, TUC general secretary, both said the differences between unions and the Labour Party were compatible with the document Into the Eighties: an Agreement, including its reference to an annual review of the economy and social policies, and a "broad understanding" on pay.

But Mr. Murray said that although the unions wanted to beat inflation "we believe that the Government's way of going about it is the wrong way."

This prompted Mr. Callaghan to *interject*: "We certainly don't regard the 5 per cent as an objective. The objective is not 5 per cent, but how inflation can be cut to single figures."

*Mr. Callaghan said the agree*ment represented "a sense of common commitment" rather than an election programme.

But the policies outlined in the document have been purged of the more extreme Left-wing ideas and should find prominent positions in the manifesto.

Among key points are a change in the Bank of England role, expansion of the National Enterprise Board and an annual wealth tax. Planning agreements are revived, but demands for nationalisation of banks and financial institutions are rejected.

The Prime Minister, who must have been hoping for gentler treatment from the TUC general council, was yesterday invited to address September's Congress, *where he must hope that yesterday's rift on his counter-inflation* strategy will be patched over.

Evidence of the support he can expect came after the *general council when Mr. David* Basnett, TUC chairman, and six other union leaders — including some fierce opponents of incomes *policy — decided to set up a* "trade union committee for a Labour victory."

While TUC leaders were toughening up a statement rejecting *the 5 per cent — it was* carried with only *Mr. Tom Jackson* of the Post Office Workers against — there was uproar in a simultaneous meeting of the Labour Party national executive committee.

Mr. Alex Kitson of the Transport and General Workers tried to move an emergency resolution against the 5 per cent pay limit and was ruled out of order by Miss Joan Lestor, the chairman. When he then moved a resolution to remove Miss Lestor from the chair, he lost by the surprisingly narrow margin of 13 votes to eight.

In what was described as a meeting of some bitterness about the pay policy, mitigated only by *the imminence of an election*, TUC leaders spent a long time amending a prepared statement on the Phase Four White Paper.

Several moderates argued that *if the TUC had negotiated on* Phase Four it might have raised the limit and took the view that the TUC-Labour Party liaison committee's statement would prevail over *yesterday's rejection*. But those on the Left saw the changes as a significant tactical victory.

A whole paragraph, seen by the Left as suggesting that Phase Three's success could be repeated in Phase Four, was removed. A reference to pay as one of the *items in any* "broad understanding" was also removed, while statements opposing the use of sanctions *against* private sector employers, and the use of cash limits to restrict the pay of public *sector employees*, were added.

Reaction to the Government's unencouraging line on reducing the working week—the subject of a separate TUC document in favour of a 35-hour week—was also stiffened.

Restating the policy of an orderly return to collective bargaining, the statement says the general council "is convinced that continued central determination of pay will make much more difficult the resolution of anomalies and other collective bargaining problems."

It "*notes*" the White Paper's reference to the need for a longer-term approach and says that the TUC "does not see the future in terms of the continuation of restrictive policies on current lines."

Of the restoration of traditional bargaining, it says: "This is quite compatible with a thorough discussion of all factors

Continued on Back Page

Leading industrialists decided yesterday against staging a major confrontation with the Government over the decision to continue enforcing its pay limits through public sector contracts. Instead the CBI is to draw up a "scheme of protection" to help any company *that may be penalised. Page 8*

Details of document, Page 10 ● Editorial comment, Page 20

Thomson plan for Canadian holding group

BY CHRISTINE MOIR

THE ENTIRE Thomson Organisation, including the whole of its North Sea oil interests and The *Times and Sunday Times* newspapers, is to become a wholly-owned subsidiary of a Canadian holding company.

Thomson's shares were sus*pended last Friday pending a* scheme of arrangement involving its option to take up 90 per cent of the Thomson *family's* North Sea oil interests.

Yesterday, the company issued a 50-page document outlining one of the most complex deals seen in the City and one which goes considerably beyond just the exercise of the option.

Under the scheme, which has yet to be formally approved by shareholders, the Thomson family will also relinquish its remaining 10 per cent oil interest to a new company, *International* Thomson Organisation. This will be formed in Canada as the holding company for the group's total publishing, travel and oil businesses.

Behind the deal lies the group's belief that the UK is not a suitable base for an organisation poised to accumulate big capital surpluses and with plans for equally big—and international—capital spending.

This year alone the group forecasts pre-tax profits of £126m (£90m from oil and £36m from the publishing and travel side). Post-tax earnings will amount to £45m for the new company, which has about £100m of cash assets.

Over the next few years the group will be generating capital surpluses amounting to "many hundreds of millions of pounds," the company said yesterday.

Equally large sums are already earmarked for development and acquisitions. The publishing and travel sides alone are to have £100m spent on it to turn it into "*the most* modern regional newspaper group in the world."

The entire chain of regional newspapers is to be computerised. New presses will be installed where necessary and the Belfast newspaper plant rebuilt. On the travel side the group expects to buy two Boeing aircraft this year and more in following years. The oil fields will need a further £70m or so.

The group will *still* have have *further* surpluses, though, which it will not be able to use up entirely on acquisitions in the UK, largely because of Monopolies Commission restrictions in both its main fields.

If it remained a UK company, exchange control regulations would prevent it moving this money out into international acquisitions.

The move to Canada follows from all this. Not only is the main shareholder (the Thomson family) already resident in Canada and therefore able to gain from receiving dividends directly from a Canadian company, but Canada also has no exchange control regulations, and no dividend restraint.

An intrinsic part of the deal, however, is that the minority shareholders in the UK remain. They will be getting a slightly diluted stake in the new company through a complex combination of ordinary shares (which will rank as foreign currency securities on the London market), convertible preference shares.

Cost is one of the main factors behind the complexity of the equity mix. The ordinary share element of the scheme alone has involved the company in buying $35m (£18m) through the dollar premium market—one of the biggest single premium deals ever mounted.

Details Page 23
Lex Back Page

Devolution Bill defeat over English measures

BY IVOR OWEN, PARLIAMENTARY STAFF

A REVOLT by Government backbenchers led to a one-vote Government defeat in the Commons last night and added further constitutional problems associated with the post-devolu*tion role of Scottish MPs at* Westminster.

By 276 votes to 275 the Commons accepted a Lord amendment to the Scotland Bill intro*ducing a new procedure which* may be invoked when the votes of Scottish MPs provide the majority for the second reading of Bills relating solely to English matters which, because of devolution, are no longer within their responsibilities.

The new procedure—which must first be activated by a special vote of the Commons—requires that such second read*ing votes must be re-run after a* 14-day cooling off period.

The Government defeat poses no threat to the Bill itself, which is expected to receive the Royal *Assent next week, but it is likely* to have the effect of constantly highlighting the impact which the votes of the 71 Scottish MPs have on major issues relating only to England.

This central constitutional problem has been dubbed the "West Lothian question" and is identified with Mr. Tam Dalyell (Lab., W. Lothian) who has remorsely pursued the implications of grafting a quasi-federal institution on to a unitary state.

He was joined by Mr. George Cunningham (Lab. Islington S. and [illegible] and one or two *other Labour backbenchers* in voting for the Lords amendment.

But for the absence of Mr. John Mackintosh (Lab, Berwick and E. Lothian), a staunch *devolutionist who is seriously* ill, there could well have been a tie as there was when the issue was last discussed in the Commons 10 days ago and the Government was saved *from defeat* by the Deputy Speaker's casting vote.

The Government suffered a second defeat when a Lords amendment removing forestry from the devolved matters placed under the control of the Scottish Assembly was approved by 286 votes to 266.

Parliament, Page 10

SNP backs dividend control Bill

By Philip Rawstorne

THE Scottish Nationalists last night decided to vote in support of the Government's dividend control Bill in the Commons today.

The move should give the Government a comfortable majority and enable it to push the legislation through all its stages in one day.

After the withdrawal of Liberal support for the Bill, the Government's chances of enacting the legislation, which *it considers to be a vital part* of its counter-inflation policy, had appeared slim.

But after a meeting of the Scottish Nationalist MPs last night, Mr. Andrew Welsh, the party's chief whip, said: "Now that Parliament has agreed to Phase Four of pay restraint the SNP has agreed with the Government that there should be a corresponding restraint over the question of dividends."

Economic Viewpoint Page 21

Camden £15m fixed rate stock issue attracts £1bn

BY TERRY GARRETT

A £15m fixed rate seven-year stock issue by the London Borough of Camden has attracted more *would-be investors than* the Treasury can often secure *for a* "tap" issue. As much as £1bn appears to have been subscribed by the public.

Camden council announced a double issue last Friday of a variable rate stock and a 12½ per cent fixed rate stock to raise a total of £25m.

When application lists closed yesterday morning, one minute after opening, both issues were oversubscribed, although the interest has been focused overwhelmingly on the fixed coupon stock.

At the issue price of £99½ per cent, *the running yield of* 12.59 per cent and redemption yield of 12.66 per cent were well above stocks in the market.

Details Page 22

£ in New York

—	July 26	Previous
Spot	$1.9130-9150	[illegible]
1 month	0.56-0.52 dis	0.46-0.42 dis
3 months	1.31-1.26 dis	1.05-1.02 dis
12 months	4.40-4.20 dis	4.10-3.90 dis

BBC concern over White Paper

BY ARTHUR SANDLES

GOVERNMENT proposals for a new *line* of middle management control for the BBC, with an unspecified number of direct Home Office appointees, provoked a *sharp response from* the corporation last night.

"The suggestions could cause more bureaucracy and executive confusion and raised the prospect *of Government* intervention in programmes, says the BBC.

The proposals are contained in the much delayed White Paper on the future of broadcasting, produced in the wake of the Annan report and completed only after a series of arguments within the Labour leadership.

The White Paper, as expected, plumps for a fourth television channel run by a new Open Broadcasting Authority. It gives the go-ahead for more local radio stations to be run by the BBC and the *Independent Broadcasting* Authority, and says BBC finance must continue to come from licence fees. It proposes that the IBA should take responsibility for cable television, including pay-TV.

The White Paper says there have been criticisms of the BBC for being "too monolithic, too impervious to criticism and too bureaucratic, and that the *old* loyalty to the concept of public service broadcasting has been overlaid by loyalty to the concept of professionalism."

It suggests service management *Boards for television, radio* and external services. "By delegating to these Boards many of the management functions which now rest with them, the Board of governors will be enabled to concentrate on their supervisory and public accountability role."

Each Board would be *responsible to the governors* collectively for supervising programme strategy and management of its service.

The chairman of each Board will be a member of the Board of governors but "about half of the members of each service management Board will be people appointed by the Home Secretary, after consultation with the chairman of the Board *of governors drawn from* outside the professional staff of the BBC, of standing and independence with experience or qualifications which fit them to make a positive and distinctive contribution to the work of the Boards."

The BBC said: "The public must ask whether the Government's proposals are the right way of creating more accountability and diversity while safeguarding the BBC's independence."

In the Commons, Mr. William Whitelaw, Shadow Home Secretary, rejected the Government's plan for an Open Broadcasting Authority as a "totally unnecessary burden on the taxpayer."

The Independent Television *Companies Association said* yesterday that it regretted that the White Paper rejected the "formidable case for ITV2 and instead opts for the speculative alternative of an Open Broadcasting Authority."

Details Page 8
Parliament Page 10
Editorial comment Page 20

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

EEC agrees plan to reform wine production

BY MARGARET VAN HATTEM

BRUSSELS, July 26.

THE EEC Commission today agreed on a major plan to reform European wine production.

It includes a seven-year programme to phase out the less successful low-quality wine producers in southern Italy and France, which will cost the Community an estimated 50m units of account a year, measures to boost consumption (possibly including a cut in excise duties), and the establishment in principle of a floor price for wine.

The plan will be passed on to the Council of Ministers this week for discussion and detailed proposals are expected to go before ministers when they next meet in September.

The plan is said to follow fairly closely the Commission's earlier proposals, originally included in this year's farm price review. At the time, antagonism between France and Italy hardened to such an extent that the Council decided, in the interest of settling the prices issue, to postpone the wine dispute until September.

Although the measures in the plan approved today attempted *to meet each side half-way*, both France and Italy are expected to reject much of it initially and a lively row is certain to develop later on this year.

France, which has long fought to establish a floor price to block imports of cheap Italian red wine into the country, is likely to fight for a more specific commitment. The Commission has suggested that the necessary legal framework for a floor price be set up, but that the actual fixing of a price be deferred. This, if adopted, would do virtually nothing to solve the French problem.

However, it is hoped the French may be persuaded to allow this in exchange for proposals raising the quota of alcohol set aside for distillation in times of excess production, and extending this obligation to certain Italian producers previously exempt.

The structural part of the package is designed to reform and reduce production in the 2.7m hectares in southern France and Italy where table wine is produced.

It is planned to give the more successful producers financial aid to modernise their holdings and improve the quality of their wines. Those assessed as unlikely to benefit from this will be offered financial incentives to retire early or *to switch to* other crops. It is estimated that vineyards covering about 1m hectares fall into the second category.

French irritated by UK attitude

BY ROBERT MAUTHNER

PARIS, July 26.

THE FRENCH are showing increasing *signs* of irritation at what they consider to be Britan's negative attitude towards the Common Market and a serious clash between the two countries in the autumn has become a distinct possibility, according to observers here.

For the moment, French officials are tending to play down the many disagreements which have arisen between the two countries over the Community's agricultural and fishing policies, European monetary co-operation and British participation in the Airbus consortium. But the State-controlled radio and television, as well as some newspapers, are beginning to adopt a noticeably hostile attitude towards Britain's European policies.

A statement by Dr. David Owen, the UK Foreign Secretary, calling for a radical overhaul of the EEC's Common Agricultural Policy and British suggestions that a reform of the farm policy should be linked to an agreement on closer European monetary co-operation were given pride of place in early morning news bulletins in Paris.

The Brussels correspondent of the Paris paper, Le Monde, heaped fuel on the fire with an article today emphasising that Britain and France were at odds over the majority of issues currently being discussed in the Community's Council of Ministers. The British, he said, would do everything in their power to divide their Common Market partners, and, in particular, to undermine the Franco-German partnership.

The French, who have always considered the Common Agricultural Policy to be the untouchable centre-piece of European co-operation, are even more sensitive on this issue than normally.

The Government is already under heavy pressure from the powerful farmers' oganisations not to give anything essential away in the forthcoming negotiations on the entry into the European Community of Spain, Portugal and Greece. The south-western French wine and fruit growers, who have long complained about cheap Italian imports, are even more worried about the competition they will face from Spanish producers of Mediterranean products.

In talks with President Giscard d'Estaing yesterday, the farmers' leaders were given an assurance that their interests would be protected by the Government and that the shock of competition from new members would be cushioned by long transitional periods

The Government clearly fears that Britain will use the opportunity given to it by the enlargement negotiations to revamp the entire Common Agricultural Policy. Given the strength of the farmers' lobby in this country, this is something no French Government could ever accept.

W. Germans discuss tax cuts

BY ADRIAN DICKS

BONN, July 26.

THE WEST GERMAN Cabinet was reported tonight to be closing its remaining differences on precisely how to fulfil the pledge it made at last week's world economic summit to inject up to DM 13bn into the domestic economy.

The Government spokesman, Herr Klaus Boelling, declined to give details of the Cabinet discussions. However, it was believed this evening that the main emphasis of the package to be announced tomorrow or on Friday would be on tax reductions, rather than on additional public spending.

Despite this reported emphasis, it was also regarded as virtually certain this evening that the measures will include an increase in child allowances and in funds made available to smaller companies by the Research and Technology Ministry.

Herr Boelling indicated that the 1979 budget might be decided by late tonight. iWth a draft for total outlays of some DM 201bn presented to it by Herr Hans Matthoefer, the Finance Minister, the Cabinet has heard from its experts that tax revenues in 1978 and 1979 together will be nearly DM 7bn more than had been expected.

This development was seen here today as lifting some of the political pressure against higher public spending. Dr. Otmar Emminger, president of the Bundesbank, gave his estimate of the prospects for financing higher public borrowing through the capital market, and according to some reports, is no longer as concerned as he was a month ago that this might push up interest rates.

At the same time, however, Herr Matthoefer last night hinted that he too now favours tax reform rather than increased outlays, partly on grounds of equity towards people on lower incomes and partly because he believes the effect on demand would be more immediate.

Although the Free Democrats, junior partners in the coalition, have been trying hard to make tax reform their own particular cause, it appeared tonight that the remaining differences between them and the Social Democrats over the issue are more about timing than about substance.

Against the background of the Cabinet deliberations here, the Munich-based IFO economic research institute today reported a further recovery in business confidence. On the basis of its monthly survey of business opinion, carried out in June, the institute reported that "the weak phase has been overcome."

Companies reported both increased optimism for the next six months and a more positive view of current conditions than they had expressed in May.

Non-aligned Arabs hold talks on strategy

Member countries of the Arab League taking part in the non-aligned *Foreign Ministers'* conference met yesterday to discuss the Middle East situation and try to work out a common strategy, Reuter reports from Belgrade.

This was the first meeting since last November to bring together Egypt and members of the so-called Rejectionist Front, opposed to President Anwar Sadat's Middle East peace initiative towards Israel.

The meeting formed an ambassadorial committee to discuss the Palestinian issue, and to try to work out common Arab strategy at the conference and in future moves towards finding a Middle East solution, Arab officials said.

Middle East diplomats said the meeting could lead to new initiatives aimed at restoring *Arab unity*.

Danish output rises

Danish industrial output increased in the second quarter but will be almost unchanged in the current quarter, according to a Bureau of Statistics survey, writes Hilary Barnes in Copenhagen. For the second quarter 21 per cent more companies reported an increase in output than a decrease, but the excess of positive replies from companies was only 3 per cent for the third quarter. There were 168,600 unemployed in June compared with 145,900 in June last year, an increase from 6.9 per cent to 7.8 per cent of the labour force.

Belgian bank rate

Belgium will raise its bank rate to 6 per cent from 5.5 per cent from today, Reuter reports from Brussels. The National Bank said the increase was being made because Holland had raised its bank rate to 4.5 per cent from 4 per cent. Belgium traditionally aims to keep a similar spread between its interest rates and those in neighbouring Holland.

New shoppers' trip

The British-owned floating supermarket "*Aquamart*" yesterday set off on its third round trip to Dunkirk with 210 passengers on board—only one-third of the number who sailed on its maiden voyage two days ago, Reuter reports from Ostend. The idea of offering Europeans cheap British goods without having to cross the Channel has proved a money-spinner for the port authorities in Ostend, but not the shoppers. The shoppers have not been able to get off at Dunkirk as planned, and Belgian Finance Minister Gaston Geens personally ordered Ostend customs officers to levy Value Added Tax on all goods bought on board.

Italian rent law

A five-year rent freeze that has driven Italian landlords to leave tens of thousands of flats empty ended yesterday with the passing of a much-amended National Rent Act, Reuter reports from Rome. It was voted into law by the Senate in a hard-fought deal between *the Government-supporting* parties — including the Communists—and against opposition from the Far Left, which claimed it penalised the poor. Under the act, all rents in towns and cities will be worked out as a percentage of the value of a flat, based mainly on original building costs.

Eanes prepares to dismiss Soares, call new elections

BY OUR OWN CORRESPONDENT

LISBON, July 26.

PRESIDENT Antonio Ramalho Eanes of Portugal is now practically certain to dismiss Prime Minister Mario Soares's mixed Socialist-Christian Democrat government shortly, and announce early general elections.

The President was reliably reported today to have advised both partners of his decision, and was waiting to hear the *opinion of the* Revolutionary Council, a constitutional watchdag body, before making it public.

Sr. Joao Gomes, the Socialist Information Minister, also today told foreign journalists in Lisbon that new elections seemed inevitable.

The Socialists, Sr. Gomez said, believed the country was facing attempts to undermine democracy, this time from the right, *and were prepared to take to the* streets to defend constitutional liberties.

He said developments virtually made any other solution but new elections impossible.

The Socialists appear to be building up a siege *mentality* in the country as they prepare for new electoral battles and justify the collapse of the six-month-old ruling alliance.

Sr. Gomes said the blame for the disintegration of the Government, which most observers thought was stable enough and would last until the elections due in 1980, should be laid entirely at the door of the conservative Christian Democrats—the CDS.

He stressed that the CDS, junior partners in the alliance, had pulled their three ministers out of the Cabinet, in an attempt to exert *pressure*, and then denounced the accord on which the Government was formed last January.

The CDS continue to be optimistic that a new agreement, taking account of their dislike for the Agriculture and Health Ministers, can be worked out with the Socialists. It was their disagreement with the policies pursued by these two men which led to the departure of the three CDS Ministers from the Cabinet and precipitated the crisis.

The scenario likely to develop once the Government is dismissed is laid down in the constitution. The President will appoint a caretaker government *—whose composition is not yet clear—*recall the Republican Assembly currently prorogued until October, and schedule elections as soon as possible.

Because a new electoral law has still to be approved and registration of votes carried out, the earliest date that elections can be held is next January.

Meanwhile, the Socialists and the CDS have both publicly acknowledged that the collapse of their alliance will have international repercussions especially on negotiations to join the EEC, due to start in October, and on continuing financial aid and foreign investment.

Four-day Spanish petrol station strike threatened

BY JIMMY BURNS

MADRID, July 26.

SPAIN'S two most powerful unions, the Communist Workers Commissions and the Socialist UGT, will urge workers at more than 3,000 privately-owned petrol stations throughout the country *to begin a four-day strike* as from Friday, unless employers agree to a substantial collective pay increase, and improved working conditions.

Ministry of Labour officials will tonight meet employers and union representatives in a final attempt to settle the dispute and prevent disruption of Spain's peak holiday season, which begins this weekend.

Three weeks ago the unions gave notice of *their intention* to press for an increase of Ptas 8,190 over the workers' present monthly minimum salary of Ptas 21,700.

Accompanying this is a demand that employers introduce greater safety measures at the petrol stations, a number of which have been attacked by armed robbers in recent months.

Employers are offering an award of not more than Ptas 3,000 on the present minimum wage.

The employers claim that the union demand is in excess of the 22 per cent guideline for 1978 agreed by the Government and Opposition parties in the Moncloa pact last October. The *unions deny this*.

The divergence is due to disagreement about whether the total to which the guideline applies does or does not include social security payments.

Until now union representatives have maintained that workers at privately-owned petrol stations fall into a special category, as their minimum wage was fixed for the first time only last year.

Their average salary is only half that earned by workers in the country's 34 nationalised petrol stations, and wages in this sector are between 20 and 25 per cent below the average for industrial workers.

If the strike goes ahead, it is expected to be most effective in areas in and around Madrid, and on the motorways leading from here towards the south. It is in this area that both socialist and Communist control of the country's 25,000 petrol stations workers is strongest.

Policy confuses Italy's Communists

By Dominick J. Coyle

ROME, July 26.

CRITICISM of the image and some of the policy of the Italian Communist Party has come fro ma number of delegates attending the party's central committee meeting which ends in Rome tonight.

It reflects tensions within the party, particularly between the leadership and the rank and file, over the Communists' limited alliance.

The party's parliamentary association with the governing majority is puzzling some of its supporters who have been nurtured on the principle of out*right opposition* to the Christian Democrats. One delegate told the leaders that at a time when the party had reached its highest political and electoral weight, there was a risk that 'the social 'foundations of our strength may weaken." *Another suggested* publicly that the party's recent setback in local elections could be traced to confusion created by the party's shift from its traditional role.

It has also been suggested that the image of the party as a mass party is in danger of being eroded. A delegate said there was difficulty in recruiting new members. The party was faced with responsibilities proper to a majority party without holding the reins of *executive power*.

Sig. Enrico Berlinguer, the party leader, has invited self-criticism within the party, but some of the comments made this week indicate that a closing of ranks will be necessary if the party *is to present* a united national congress next spring.

Sig. Gerlinguer will have by then to point to definite Government measures influenced by the party and reflecting its policy objectives. But many right-of-centre *elements* in the ruling Christian Democratic Party will be working strongly against any such accommodation with the Communists.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

EUROPEAN NEWS

SPAIN'S CONSTITUTION: 'PARLIAMENTARY KINGDOM'

Form of government: "The political form of the Spanish state is that of a parliamentary monarchy." The King is constitutionally entitled to propose a candidate to the Presidency, convene and dissolve Parliament, give the royal assent to laws, and exercise the royal pardon in individual cases. He is also the supreme commander of the armed forces.

The Cortes "represent the Spanish people." Both the lower house and upper (the Senate) can introduce legislation, and censure actions taken by the Government.

The armed forces (not including the Civil Guard or the Police) "have as their mission to guarantee of the soveriegnty and independence of Spain and to defend the unity of Spain and the Constitution."

Religion: Religious freedom is guaranteed. There is no official State religion but the "administration will take into account the religious beliefs of Spanish society and maintain the consequent relation with the Catholic church and the other demoninations."

Torture and the death penalty: "Under no circumstances can a person be submitted to torture. The death penalty is abolished except for those members of the armed forces who fall under military jurisdiction."

Workers rights: the Constitution guarantees the right to form trade unions, the right to strike (though this may be regulated by law in strikes by workers belonging to "essential services.")

The regions: "The Constitution is based on the indissoluble unity of the Spanish nation . . . and guarantees the right of autonomy of the various nationalities and regions which form part of it."

The Spanish flag and the Spanish language are the official flag and language of the State, but the Constitution recognises the right of the regions to use their own languages and their own flags.

The Spanish state is responsible for justice and the police in the regions but "opens the possibility for the setting up of a local police force."

The Constitution proscribes federations and self-determination in the regions.

Economy: The Constitution recognises "public initiative in the economy. Legislation can reserve for the public sector resources and essential services especially in cases of monopolies, and at the same time permit State intervention whenever this is judged to be in the common good." Private property is defined as a right, and also the activity of companies within a free market economy.

Basque party remains aloof from a hard-won consensus

BY JIMMY BURNS IN MADRID

LATE LAST Friday, as the para-military civil guard combed a village near Madrid for the killers of the first military officers to be assassinated in Spain since the Civil War, the Cortes took appropriate action. Communists, Socialists and members of the UCD, the Government party, suspended the bickering and politicking that had characterised the three-week long debate, and voted unanimously for Spain's first democratic constitution in over 40 years. In doing so, they took one step nearer that Western-style democracy which the killers of Gen. Juan Sanchez Ramos and Lieut.-Col. Perez Rodriguez would like to see wrecked.

After the vote, Communist, Socialist, and UCD deputies sat in a nearby bar, toasting the passing of the Constitution in champagne, temporarily forgetting that at that very moment army officers were talking of the urgent need for the military to take a more active role in the fight against terrorism.

To some extent the celebration was justified. Since the day, over 18 months ago, when the first tentative draft of the Constitution was considered, observers had doubted the ability of Spain's main political parties to bury their ideological differences over it. At one stage in the discussions of the final text, the Socialists abandoned the debate, arguing against what then they called "the most reactionary constitution in Europe."

Yet in the end the text reflected the spirit of "consensus politics," a commonsensical approach based on the idea that "if the Constitution we have is not quite what we want, it is certainly better than not having one at all."

With this in mind, the parties have backed down on issues which carried considerable emotional weight with their members. The Socialists have accepted (with reluctance) the definition of "parliamentary monarchy" as the form of government, rather than a Republic.

The Communist Party has argued successfully for the recognition of the Catholic Church in the Constitution. In the original draft the absence of mention of the Church led to public protests by the Spanish bishops and many of the country's Catholics. The abolition of the death penalty, originally judged to be a matter of conscience and therefore excluded from the Constitution, was included in the final text, again through agreement between the main parties.

"Consensus politics" will in all probability, ensure that the bulk of the text is approved by the Senate next month. Legally the Upper House is entitled to amend the text in the same way as the Lower House did. But major changes are believed to be unlikely, as UCD and Socialist Senators form a substantial majority.

Consensus politics has not embraced the Basques however, and it is here that the is little room for celebration. Members of the Partido Nacional Vasco (PNV), the main Basque parliamentary party, walked out of the Cortes just before last Friday's voting, arguing, as they had done all along, that the Constitution did not define sufficiently the autonomous status of the Basque country.

There are signs that the PNV's withdrawal from the Cortes on Friday will not necessarily mean that it advises its supporters to vote against the Constitution in next autumn's referendum. "We do not want to be pushed into a final decision yet. That is why we withdrew rather than vote for or against," Sr. Xabier Arzallus, the leading PNV deputy said.

For the moment, the arguments remain the same. The Government and the main opposition parties maintain that the Constitution has gone far enough on the question of autonomy, and that any further amendment would carry with it the danger of creating a "state within the state." Moreover they have warned the PNV that if it fails to endorse the Constitution, the Basque country could become a focus of political militancy and violence in the referendum, leaving the region open to manipulation by ETA, the Basque terrorist organisation.

Last Thursday there were signs that the PNV might be prepared to accept the amendments to the text proposed by the Government and the Socialists. These provided that the recognition of the autonomous rights of the various Spanish regions should be extended to include a more specific reference to the Basque region. What in the end led to a breakdown in the negotiations was the insistence by the Government at the last minute that the PNV should publicly declare both its allegiance to the "unity of Spain" and its total rejection of self-determination for the Basque country.

To the PNV, a party that has always been keenly aware of its nationalist roots, both declarations were politically inadmissable. For a long time now the bulk of its support as, particularly among young people, have been hesitating between the PNV and the more extreme left wing Basque parties. In the PNV's view both declarations would push much of its support into the ETA camp.

This belief is not shared by the Spanish armed forces, who are believed to have played an influential role in causing the Government to make these two demands.

For the Spanish military, moulded by 40 years of Francoism, the unity of Spain remains, as it was during the Spanish Civil War, an almost sacred precept.

Spanish steel plants to close

By Jimmy Burns

MADRID, July 26.

AS PART of an overall restructuring of Spain's depressed steel industry, management at Ensidesa, the largest integrated steel company in the country, has announced a short-term plan to help reduce excess capacity. This will involve shutting down antiquated machinery, including two synthesising machines and coke batteries at its three factories in Asturias, in North-west Spain.

Although the measures include building a new industrial complex capable of creating alternative employment, Ensidesa's management as yet remain vague concerning the reduction of its 28,000 workforce. According to officials at the Ministry of Industry, the shut downs would immediately affect some 700 workers, though it is expected that these will be found alternative employment.

Ensidesa, which is 88 per cent owned by INI, the State holding company, had a deficit of Ptas 10.9m in 1977. Its problems are similar to those facing the two other integrated steel companies, Altos Hornos de Vizcaya (AHV) and Altos Hornos del Mediterraneo (AHM). AHM together with Ensidesa accounts for 75 per cent of the integrated sector.

SOVIET DISSENT AFTER THE TRIALS

Shaken, but ready to rise again

BY DAVID SATTER IN MOSCOW

Anatoly Shcharansky

WITH THE sentencing of Dr. Yuri Orlov, Alexander Ginzburg and Anatoly Shcharansky, an uneasy sense of ideological calm has settled over Moscow. The Soviet authorities' bid to destroy the groups set up to monitor the 1975 Helsinki accords has shaken the dissident movement, which never, in any case, contained more than a few hundred activists, and it will need time to reorganise.

However, it is virtually certain that the authorities' attempt to crush dissent through long prison and exile sentences, but without full recourse to Stalin's bloody methods, will fail.

With each wave of arrests and trials since the trial of the writers Andrei Sinyavsky and Yuli Daniel in 1966, the end of the dissidents has been predicted. On each occasion, they have resurfaced with renewed energy.

The resilience of Soviet dissent lies in the facts that it is both an inevitable response to the complete lack of individual political rights, and a specific sub-culture which, because its members have chosen to join it fully aware of the risks they run, is ineradicable under present circumstances.

The Soviet Union, although more tolerant than it was in Stalin's time, employs intensive police surveillance, ubiquitous informers, eavesdropping and letter opening. The Soviet citizen has in practice no right to free speech or assembly, no ability to form independent organisations or to publish opposing opinions. As the trials of the dissidents demonstrated, there is no guarantee of due process of law.

The dissident movement has various elements—democratic dissidents, nationalists, the religious rights movement, Jews seeking to emigrate—but in general consists of people who have dedicated themselves to working for the creation of reliable political rights as the only means through which their other goals can be effectively realised.

The dissidents are self-selected. They know their activities will end their careers and could mean that they go to prison. The need to be prepared to accept the grim consequences is why the dissident movement is so small numerically, but also so wide in influence (almost everyone in the Soviet Union is aware of it) and so difficult to suppress. Any dissident gathering is peopled by those who have been to the labour camps or are soon to go, and they are hard to intimidate.

The present campaign against dissent, which is only the latest of a series dating from the late 1960s, began with the seizure of Alexander Ginzburg in February 1977 outside a pay telephone booth near his wife's apartment. It grew out of a basic feature of Soviet life, the Soviet desire to make solemn international human rights commitments without loosening the State's total control.

The Soviet authorities signed the Helsinki accords aware that they could not honour them. With their formation of the Helsinki agreement monitoring group in May 1976, the dissidents accepted the implicit challenge to hold the authorities to their word.

The arrest of more than 20 members of "Helsinki" groups in Moscow, the Ukraine, Lithuania, Georgia, and Armenia in the last year and a half and the sentencing of 16 of them has deprived the movement of its most effective leaders but has far from destroyed it.

On July 16, the day after Anatoly Shcharansky was sentenced, remaining Moscow dissidents crowded into the apartment of Dr. Andrei Sakharov, the Nobel Peace Prize winner, to reiterate their determination and announce the appointment of a new member of the Moscow-based Helsinki Group, Professor Sergei Polikanoff, a nuclear physicist and corresponding member of the Soviet Academy of Sciences. Professor Polikanoff said he was joining the group in light of recent "significant losses" and would contribute to its work in any way he could.

The disparity between the freedoms the Government professes to guarantee and those it actually grants is typical of the Soviet Union. The authorities make human rights commitments because they want to attribute the apparent unanimity of Soviet society to Marxist development rather than to the absence of freedom. Unanimity in the Soviet Union, exemplified perhaps in the Supreme Soviet, which may be the world's only parliament never to have voted no, is always held to be voluntary.

Soviet authorities may thus ignore ostensible rights and freedoms but can never disavow them. When two dissidents went to the Moscow City Council last year to say that they planned to hold a demonstration in Pushkin Square to mark United Nations Human Rights Day, they were not told that such a demonstration would be illegal, but merely advised that if hooligans from nearby cafés decided to beat them up, it would be exclusively their fault.

The atmosphere of unreality which this situation creates is part of the life here and limits the extent to which the dissidents, who always attempt to take human rights commitments literally, can pressure the authorities to honour the rights the authorities have themselves promulgated.

When, however, the Soviet Union signed the Helsinki agreements in which it derived tangible benefits such as Western agreement to the European territorial status quo in exchange for specific Soviet undertaking on human rights, the situation changed. If the West was serious about compliance, the Western powers would need information about Soviet violations which only the dissidents could supply and, for the first time, the dissidents would have a directly concerned external ally.

The crackdown on dissent, which has been unprecedentedly thorough has often been depicted as a response to President Carter's human rights campaign. In fact, the interrogations and searches which are normal preparations for arrest, began before President Carter assumed office and the authorities would have almost certainly acted to suppress the Helsinki group regardless of who had been in the White House

The Soviet Union was born of a successful conspiracy and perhaps acting out of unconscious memory, the authorities immediately suppress any form of independent organisation. This is no way surprising. The Communist Party's dominance of all organisational life — political, religious or cultural—means there is a social vacuum in the Soviet Union which would immediately draw in a wide range of discontented elements were it allowed to be utilised.

The Helsinki group, in the eight months during which it operated freely, established a network of contacts all over the country, and began receiving an enormous volume of mail. If allowed to exist, it could have become an institutionalised internal opposition with wide sources of information and important foreign contacts.

President Carter's human rights campaign far from inspiring the arrests, may actually have helped the dissidents in the long run, by emphasising to the Soviet leader the continuing outside interest in the dissidents' fate.

The international reaction to persecution of dissidents for attempting to exercise rights officially endorsed by the Soviet Government and generally acknowledged to be basic to human dignity, sets limits on Soviet behaviour the system would never generate itself. There will be no protest demonstrations in Red Square if Dr. Sakharov is arrested but the Soviet authorities must consider what would happen outside the country and to the Soviet Union's prestige.

Part of the reason the Soviet Union signs international human rights agreements in the first place is because it wants international respectability. The Soviets will probably continue to sign such documents if, for no other reason, out of a reluctance to disqualify themselves as suitable signatories.

What the Soviet authorities may not fully realise is that the rest of the world which does not accept the Soviet definition of the individual as without political rights before the State, will probably continue to react. The continuance of mendacious political trials backed by the full authority of the Soviet State is likely, therefore, to be a source of tension between Russia and the West for years to come.

It may be hoped, however, that the dissidents' selfless activities—so apparently fruitless—may over time and with the help of this Western reaction be a source of pressure on the Soviet Union to become less closed and rigid

U.S. rebuffs Russia Page 4

Suspended sentence for Jewish activist

BY OUR OWN CORRESPONDENT

MOSCOW, July 26.

MRS. MARIA SLEPAK, the wife of Mr. Vladimir Slepak, a recently exiled Jewish activist, was today given a suspended three-year labour camp sentence after being convicted of malicious hooliganism.

The unexpectedly light sentence meant that she was released from custody and is now able to join her husband in Siberian exile while maintaining their Moscow residence.

The Slepaks were arrested on June 1 for hanging a banner from the window of their central Moscow apartment reading: "Let us leave to join our son in Israel." They have been trying to emigrate to Israel for more than eight years.

Mr. Slepak, a member of the dissident Helsinki agreement monitoring group, was convicted of hooliganism last month and sentenced to five years' internal exile, but the prosecutor recommended leniency in Mrs. Slepak's case because she was a pensioner and had never been tried before.

Under the terms of her sentence, Mrs. Slepak can be sent to a labour camp to complete the balance of her term if she commits a punishable offence during the three-year period. If Mrs. Slepak does not commit a punishable offence during that time, the conviction is expunged.

This is the first show of leniency in the recent run of dissident trials. Mr. Lev Lukyanenko, a founder member of the Ukrainian Helsinki group, was sentenced last week to the maximum penalty of ten years in a special regime labour camp and five years' exile after being convicted by a court in the Ukrainian town of Gorodnya of anti-Soviet agitation.

AMERICAN NEWS

New rebuff for Russia but Schlesinger to visit China

BY DAVID BUCHAN — WASHINGTON, July 26.

THE DIVERGENCE in the Administration's attitudes to Moscow and Peking has become more marked with the announcement today that Mr. James Schlesinger, the Energy Secretary, is likely to visit China soon, and the cancellations yesterday of another official trip to the Soviet Union.

Department of Energy officials today confirmed that Mr. Schlesinger had been invited by the Chinese Government and that he hoped to go to Peking next month or in October. In contrast, the cancellation of a trip to Moscow by Mr. Lawrence Simons, the Assistant Housing Secretary, comes soon after bans on planned trips by senior U.S. scientific and environmental officials. It is intended to demonstrate U.S. distaste of Soviet treatment of dissidents and American reporters working in the Russian capital.

Mr. Hodding Carter, the State Department spokesman, said that all future trips by Government officials to the Soviet Union would be reviewed on a case-by-case basis until "we perceive a better atmosphere on various issues affecting our relationship."

He repeated a point made by all Administration officials from the President down—that arms control negotiations such as SALT would not be affected. But the Administration runs the risk that the freeze on what it considers less essential trips to the Soviet Union could affect other areas.

The Schlesinger visit will be the second to Peking by a member of the Carter Cabinet. Mr. Cyrus Vance, the Secretary of State went to China a year ago. The Schlesinger visit comes after trips by Mr. Zbigniew Brzezinski, President Carter's National Security Adviser in May and by Dr. Frank Press, the White House Scientific Adviser earlier this month.

The relatively hawkish views about the Soviet Union for which Mr. Schlesinger was known during his tenure as Defence Secretary in the previous Administration will accord well with those held in Peking. The Energy Secretary's talks in Peking are expected to concentrate on China's hopes of U.S. technological aid and expertise to develop offshore oil reserves. Four U.S. oil companies, Exxon, Union Oil of California, Phillips, and Penzoil of Houston, have been invited to Peking for talks.

Meanwhile, unease in Congress that the momentum of the Administration's pro-China policy might lead it to scrap precipitately the 1954 U.S. defence treaty with Taiwan was reflected in the Senate yesterday. By 94 votes to nil, the Senate passed a resolution, which does not bind the President, calling for it to be consulted before any changes in the treaty are made.

Peking insists that the U.S. must abrogate the Taiwan treaty before establishing diplomatic relations with Peking. The President has a constitutional duty to secure Senate approval for all treaties, but the Senate resolution underlines the concern of those who do not want to see Taiwan ditched abruptly.

Carter hails vote on Turkey arms ban

By Our Own Correspondent

WASHINGTON, July 26.

PRESIDENT CARTER has welcomed as "constructive and statesmanlike" the Senate vote, by 57 to 42 votes last night, to lift the embargo which congress imposed on the export of arms to Turkey nearly four years ago, after the Turkish invasion of Cyprus.

The Carter administration, and that of President Ford strongly opposed the arms ban, arguing that it was not productive of concessions from Turkey over Cyprus, and that it was damaging the integrity of the NATO alliance.

But, for Mr. Carter, who has only with great difficulty won Congressional approval for other foreign policy initiatives, such as the Panama Canal treaties and the sale of aircraft to Egypt and Saudi Arabia, success on the Turkish arms embargo is not yet complete. He still faces a tough battle with the strong pro-Greek lobby in the House of Representatives, which is due to vote next week on the $2.9bn Foreign Assistance Bill. The Senate action last night came on an amendment to it.

The President also faces a major test of his southern Africa policy, in that Senators are to debate whether to lift the boycott imposed 12 years ago on U.S. trade with Rhodesia. The Administration considers that any such step now would undermine the current U.S.-UK initiative to bring about a negotiated settlement between the interim Government in Salisbury and the Patriotic Front guerrillas.

Before the Senate are two amendments—one proposed by Senator Jesse Helms to lift sanctions immediately and until the end of the year, without conditions; and a compromise one from liberal Republican Senators Clifford Case and Jacob Javits which would lift sanctions once a negotiated settlement had made free elections possible in Rhodesia.

The Administration prefers the Case-Javits amendment to that proposed by Mr. Helms, a conservative Republican. But it is still insisting publicly that any action to ease sanctions now would be a serious tactical mistake in that it would reduce the pressure on Mr. Ian Smith, the Rhodesian leader, and put the U.S. out of step with Britain.

The Senate has made the lifting of the Turkish embargo conditional on progress towards a settlement on Cyprus. Specifically, the administration must report to Congress every two months on any progress.

Two factors in the vote yesterday were the provision of an extra $35m in military sales credits to Greece—a step which brings the level of U.S. military aid to it up to the total of $175m which Turkey already gets.

Our Nicosia Correspondent adds: The Cyprus Government expressed "bitterness and disappointment" over the Senate decision to lift the arms embargo on Turkey, saying that the action, "despite the limitations and conditions imposed," was bound to contribute to a hardening of "Turkish intransigence" on Cyprus.

Metin Munir adds from Ankara: The Turkish Prime Minister, Mr. Bulent Ecevit, today was non-committal towards the Senate vote, saying that the conditions attached to the repeal could have drawbacks and advantages.

If Greece, the Greek-Cypriot administration and the Greek lobby in the U.S. exploited these conditions, "the Cyprus problem can drag on and Turkish-Greek and Turkish-U.S. relations may be adversely affected," he said.

Bank of Canada raises rate

By Victor Mackie

OTTAWA, July 26.

THE BANK of Canada today raised its bank rate from 8½ per cent to 9 per cent. The rate had been 8½ per cent since April 4.

Mr. Gerald Bouey, governor of the bank, said that in recent months there has been a further significant upward movement of interest rates in the U.S. Under current circumstances, it was important to keep Canadian interest rates related to those abroad, in a manner that did not prejudice Canada's external financial position, he said.

The governor noted that the timing of the decision to raise the bank rate reflected the view that it was desirable to act before the offer of the forthcoming new issue of Government of Canada securities.

Mr. Bouey said that even with the higher rate, the rate of monetary expansion in Canada, which was 8½ per cent over the 12 months ending in June, would remain within an acceptable range.

Reuter adds: The Canadian Finance Minister, Mr. Gene Chretien, said he does not expect the rise in the rate to affect significantly the target of 4.5-5 per cent real growth in Canadian gross national product this year.

First Union bank plans to open London branch

BY JOHN WYLES — NEW YORK, July 26.

ONE OF the first London branch offices to be established by a U.S. regional bank for several years is to be opened in about six months by the First Union Bank Corporation, the St. Louis-based bank holding company.

First Union's initiative is significant because it comes at a time when a number of U.S. regional banks are known to be disenchanted with the performance of London branches opened in the early 1970s. Moreover, U.S. banks in general and the New York money banks in particular are finding that their international profits are being squeezed by narrowing interest rate spreads in the European markets.

The St. Louis bank, however, believes that a fully operating London branch can be made profitable on the basis of corporate business alone and it is less interested in scrambling for a share of loans to individual countries which are an important part of many U.S. banks' international portfolios.

Mr. Richard Ford, First Union's president, said yesterday that it had been partially persuaded to open in London by some of its clients, particularly Mid-Western multi-nationals including Caterpillar, John Deere, Monsanto and International Harvester. "They told us that, if we open in London, we shall get more business than we are doing now," said Mr. Ford who added that his bank would seek corporate business in Europe more aggressively than some of its U.S. rivals.

First Union, which has assets of close to $3bn, plans to establish its London branch with an asset base of about $50m. The office, which will be in Throgmorton Street, will employ between 15 and 20 professional bankers. The First Union group, which includes First National Bank in St. Louis, the St. Louis Trust Company and 17 affiliate banks, is among the top 20 fastest growing U.S. regional banks

According to Mr. Ford, the London branch would be expected initially to yield a return on assets of 0.5 per cent and in time to approach the bank's normal return of 0.75 per cent.

CIA 'infiltrated by Cuban spy'

HAVANA, July 26.

A CUBAN spy infiltrated the U.S. Central Intelligence Agency (CIA) in the 1960's and worked for it for eight years, the official Cuban newspaper Granma has reported.

The man, Sr. Manuel Hevia Consulluuela, worked his way up to a senior CIA post and served as chief of security at a meeting in 1970 of governors of the Inter-American Development Bank, the paper said yesterday.

According to the report, he joined the CIA in Havana in 1962 and later went abroad to work for it, while taking orders from Cuban security headquarters.

The paper gave no other details, but said that a book about his experiences, called Passport 11333 — Eight Years with the CIA, would be published soon.

Reuter

Chilean air force crisis

BY ROBERT LINDLEY — BUENOS AIRES, July 26

GENERAL Gustavo Leigh has forecast "difficult moments for Chile," after he was expelled on Monday from the ruling Chilean military junta by its other three members, and from his post as air force commander-in-chief.

"We will need everything we have," he said, for the showdown he predicts. "I'm leaving with my head held high. I have not resigned my post." He said that he will appeal against the "illegal expulsion" to the courts.

Eight other air force generals were forced on to the retired list, along with Gen. Leigh, because the President, Army General Augusto Pinochet, named a general junior to them, Fernando Matthei, to succeed Gen. Leigh as air force commander-in-chief and junta member.

Yesterday, ten more air force generals resigned in solidarity with Gen. Leigh in his call—in an interview with the Corriere della Sera newspaper of Milan, published last week—for a return to democracy in Chile within five years.

The 19 forced retirements or resignations left only one other serving air force general, besides Gen. Matthei. He is Gen. Javier Lopetegui, who has been promoted from the post of air attaché in the Chilean embassy in Washington to that of chief of the air force general staff. Gen. Lopetegui has also jumped from thirteenth to second in seniority in the air force.

Gen. Matthei denies reports that some colonels have resigned, or will do so, in sympathy with Gen. Leigh. In his first news conference as air force commander-in-chief, he also denied a suggestion that his promotion of nine colonels to fill some of the vacancies left by the victims of the "massacre of generals" will affect the efficiency of the air force. "I have no fear at all about the efficiency of the institution," said Gen. Matthei.

After the jettisoning of Gen. Leigh by the other members of the junta, Gen. Pinochet said, referring to the call for a return to democracy within five years: "Aims are important, not a timetable."

OVERSEAS NEWS

Rhodesia ready for UN to watch December poll

BY TONY HAWKINS — SALISBURY, July 26.

RHODESIA WOULD welcome observers from the United Nations and the Organisation of African Unity at the one-man one-vote elections which will be held over three days in December, Mr. Rowan Cronje, Minister of Manpower and Social Affairs, said today.

At a news conference Mr. Cronje and Mr. Gibson Magaramombe, his co-minister, gave details of what they admitted was a tight timetable leading up to the handover to majority rule on December 31. Before the elections the constitution, which is still being drafted, must be approved at a referendum of the 85,000 white, coloured and asian voters and must also be enacted with a two-thirds majority by the existing Rhodesian Parliament.

By December 3, approximately 3m black voters and 85,000 white voters must receive ballot papers for the elections which will be held from December 4-6. The election result will be announced on December 13.

Mr. Cronje said that by December 18 the 28 white MPs and the 72 black MPs along with the Council of Chiefs must meet to elect 30 senators for an Upper House. In terms of the constitution there are to be 10 senators elected by whites, 10 by blacks and 10 by the traditional chiefs.

The Senate will have delaying powers on legislation and will not be able to veto new laws.

Then by December 25, the 100-seat Parliament with its 72 blacks, must vote for a President along with the Senate. The presidency will not be an executive post.

The new constitution, and with it an end to 88 years of white minority rule in Rhodesia, will come into effect at midnight on December 31.

Mr. Cronje announced that an electoral supervisory commission, to be headed either by a High Court judge or a former High Court judge, would be appointed as an internal watchdog to oversee the electoral process. The Government would welcome observers from all sides. "We have nothing to hide," the Minister said.

The transitional administration was determined to show that the elections were free, fair and impartial, he said.

Mr. Cronje said this was vital because Mr. David Owen, the British Foreign Secretary, had already conceded that if free and fair elections were held, Britain would have no choice other than to abide by the result.

The Minister said he felt a 60 per cent poll, that is about 1.8m voters, would be enough to satisfy the outside world that the result was a fair reflection of Rhodesian opinion.

Mr. Cronje challenged the Nkomo-Mugabe Patriotic Front to join the elections. "Come back and let the people decide and do not endeavour to impose your will through the barrel of the gun," he said.

Because of time pressure there will be no registration of voters for the country's first universal franchise elections. Voters will have to provide proof of age and citizenship—with 18 being the qualifying age for voters.

Mr. Cronje estimated that there would be between 1,500 and 2,000 polling booths throughout the country and these would be guarded by security forces to prevent the Patriotic Front, which has promised to disrupt the poll, from destroying them. There would be one black and one white polling officer in each of 100 districts drawn from the civil service and the African teaching service.

Mr. Cronje, who with Mr. Magaramombe, is joint chairman of the special Cabinet committee established to organise the elections claimed that recently the Government had achieved a breakthrough in its efforts to secure a ceasefire in the guerrilla war.

Beirut's war of attrition spreads

BY IHSAN HIJAZI — BEIRUT, July 26.

THE WAR of attrition between Syrian troops of the Arab peace-keeping force and Christian militias has spilled over to Beirut's south-eastern districts after intensifying last night in the Christian suburb of Al Hadass.

Shelling and rocket attacks were heavy, and a Palestinian refugee camp, Borj Brajneh, near Beirut's international airport, was hit. The airport's eastern runway was hit by bullets but the airport continued to function.

Militia reinforcements moved into pine woods near the presidential palace.

The Voice of Lebanon radio station of the right-wing Phalange Party, said 30 people had been killed and 65 wounded in 24 hours.

President Elias Sarkis today held urgent talks with the Cabinet to discuss ways of defusing the situation. However, prospects for an early end to the conflict look bleak as the Syrians, on the one hand, and the Phalangists and the National Liberal Party of the former president, Mr. Camille Chamoun on the other seem to be set on their collision course.

The Right-wing militias are pressing for the Syrians to leave Lebanon, if not immediately, then when the mandate of the Arab force expires at the end of September. But Syria is determined to break the militias militarily and politically.

There is now an identifiable change in tactics by both sides. The Syrians, under Israeli and U.S. pressure during the fierce fighting earlier this month, have been exercising some restraint. They maintain the shelling for a few hours and then ease up to pre-empt whatever outside reaction there may be. Later they resume their bombardment.

Hint of Tunisia change

BY ANTHONY McDERMOTT AND TANYA MATTHEWS

FOR the first time in 21 years President Bourguiba was absent from celebrations in Tunisia on Monday marking the anniversary of the proclamation of the Republic. Instead he was in Paris with his wife Madame Wassila Bourguiba, stimulating again a wave of gossip about her political influence over him, and the possibility of extensive changes in the Government whenever he returns.

Instead Mr. Bourguiba exchanged telegrams of good wishes with Mr. Hedi Nouira, the Prime Minister, who is his constitutional successor and who yesterday conducted the traditional ceremony of celebration at the National Assembly in Tunis.

The political temperature rose in Tunis earlier this month when it became clear that Mr. Bourguiba, who has been ill for some years and who had gone to Paris officially "for a week's ordinary medical examination" would be staying on with his wife who had been in the French capital for the last six months.

Madame Bourguiba is generally rated to have considerable political leverage and is rumoured to have refused to return to Tunis unless her husband made some important changes in the Cabinet. The ministers most usually singled out for removal are Mr. Abdallah Farhat, the Defence Minister, and Mr. Mohammed Sayah, who is both head of the single Destour Socialist Party (PSD) and holds the important position of Minister responsible to the Prime Minister.

A number of Tunisian ministers who resigned last December in the wake of the unexpected dismissal of Mr. Tahar Belkhodja, the Interior Minister, and before the riots in January, have exiled themselves to Paris. Among the most influential are Mr. Belkhodja himself, and Mr. Habib Chatti, the former Foreign Minister. Both are reputed to be close friends of Madame Bourguiba.

This speculation is part of the long-standing competition building up not so much for the immediate succession to the ailing President, now in his mid-70s, as for dominating the path of politics after his demise. At present Mr. Nouira, supported by Mr. Farhat and Mr. Sayah in particular represent the more rigid school of thought which has clamped down on the country since the January riots and believes that the PSD contains sufficient political varieties to provide an outlet. But if the President were to fall in with his wife's supposed machinations, he would effectively be cutting the ground from under the feet of Mr. Nouira.

At the same time, such changes would open the way to more liberalism, and to such men as Mr. Ahmed Mestiri, a former Interior Minister, who has attempted to challenge the domination of the PSD.

Japan industry production may level off

By Charles Smith

TOKYO, July 26.

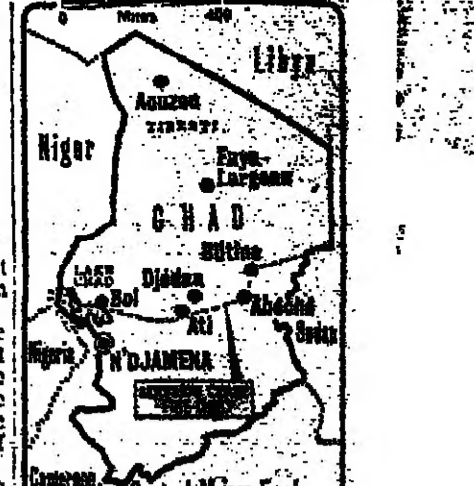
JAPAN'S INDUSTRIAL production fell by 0.7 per cent in June from its May level, according to preliminary and incomplete findings announced today by the Ministry of International Trade and Industry (MITI).

The fall, if confirmed, would be the first in eight months and has added to suspicions that Japan may be in for a period of economic stagnation in the middle of the year.

The MITI figure published today excludes certain industries, including food, for which production statistics will be available later. The final figure could still show a rise but the Ministry is also forecasting a levelling off of production in July (down 0.3 per cent) and August (up 0.1 per cent).

A further sign that the economy may be slackening comes from a comparison of first and second quarter growth rates in the industrial production index. In the January-March period, production picked up by 2.9 per cent but in the second quarter growth was reduced to 1.5 per cent.

● The Japanese Government will decide by September 2 on measures to fulfil pledges by Mr. Takeo Fukuda, the Prime Minister, at the recent seven-nation economic summit in Bonn.



Paris holds key to Chad peace

By Andrew Lycett, recently in N'Djamena

ONE OF the stormiest moments at last week's far from peaceful OAU summit meeting in Khartoum came when President Felix Malloum of Chad launched a virulent attack on Libya for its alleged involvement on the side of rebels who have effectively partitioned his country.

The summit ended with the setting up of a committee of five African presidents to investigate Chad's allegations, and Libya's counter-claim that the Chad Government is relying on French "colonial" forces to repress a popular uprising using "genocidal" methods.

But despite the ferocity of the accusations on each side, there are indications that Libya would like to see a settlement of the Chad problem. Major Abdul Salam Jalloud, the second most senior man in the Libyan Government, recently had talks with President Valery Giscard d'Estaing in Paris—for it seems clear that France, through its powerful influence on the Chad Government, could hold the key to solving the conflict, which has lasted for 13 years.

Earlier this year forces of the rebel group Frolinat advanced rapidly southward from their bases in the northern mountains. In February they took prisoner nearly one-third of the Chad army—some 1,500 men—at the garrison town of Faya Largeau.

Ignoring an agreement reached in March with the Chad Government in Libya, Frolinat men advanced about 800 miles into central Chad but were finally stopped in late May by 1,200 or more hastily-summoned French troops in fierce battles at Ati and Djoddah.

Now a de facto ceasefire line stretches across the country from Biltine in the east through Abeche and Ati to Bol on Lake Chad, only about 100 miles north of the capital.

Since May there has been little fighting, but each day French electronic surveillance aircraft fly over Frolinat positions.

The conflict originates in what the Moslem northerners see as the domination of Chad by the animist and Christian southerners ever since France gave this artificial country independence 18 years ago. More than half Chad's 4m people are Moslems, and Moslems control business, but the Government is in the hands of southerners.

The Moslems want more government and official posts and an Arabic—rather than French-based—education system. The southerners argue that the educational standards of the Moslems are not high enough to justify their getting more jobs and say they do not send their children to school.

Major Jalloud's trip to Paris followed a meeting in Tripoli, the Libyan capital, of Government representatives and the Frolinat leader, the 34-year-old Goukkouni Woddeye. Frolinat demanded the immediate withdrawal of French troops from Chad and was unwilling to give anything in return, so the talks broke down.

Such talks with Frolinat may be premature. The French would first like to see an internal settlement between the government of President Felix Malloum, various exiled civilian politicians and some disillusioned Frolinat leaders, including Hissein Habré, who became famous as the ruthless jailer of the French archaeologist Madame Claustre.

Once the Government has been changed to reflect the numerical superiority of the Moslems, it is calculated it should be in a stronger position to negotiate with Frolinat.

According to various sources in N'Djamena, Government changes may be near and President Malloum told me: "I can assure you a government of national unity will be formed and substantial changes in the Chad administration will take place."

But Frolinat has its own internal unity problems. Its "third army," under Abaker Abder Rahman, has broken away from Goukkoni and launched independent attacks in the Lake Chad area. This could be significant because this is where Chevron is drilling for oil in a programme which has already cost $90m though apparently without yet finding oil in commercial quantities.

The main guerrilla group's dependence on Libyan arms and money is a potential source of unpopularity which the government is trying to exploit.

France has to pay many of the impecunious Government's day-to-day expenses—the State budget was only $87m last year, and ran out before the year was over, so the French had to step in with more cash. If France could nurse the two sides to a settlement it would at least be able to reduce its very expensive military involvement.

Nancy Dunne reports on Baltimore's dollar-a-house renewal scheme

Homesteading with a little help from the city

THE BALTIMORE currently being sung about by American pop singer Randy Newman, is a city which — with some imaginative urban renewal efforts — is fast shedding its seedy "hard town" image. And, "if there ain't nothing there for free" precisely, it has instituted one programme which offers city-owned homes for sale for an initial investment of $1.

Ten years ago Baltimore seemed a classic example of urban blight and suburban flight. Founded by the Calvert family in 1729 on the Chesapeake Bay and settled first by English Catholics, it has turned to its roots for rejuvenation with a pioneering - type programme called "Homesteading."

"The plight of the cities," as it was trumpeted in the media, became part of the American consciousness in the 1960s when the ghettos were burning and the exodus of middle class home-owners to the suburbs intensified. Lady Bird Johnson's "beautification" efforts had produced little more for the cities than a few window boxes and some parks in poor neighbourhoods, and President Johnson's great society programmes were in chaos. It was clear that most of the Federally-inspired urban renewal projects had failed to stem the spread of the slums.

Baltimore seemed as sick as its sister Eastern Seaboard cities, but, in fact, by 1968 it was 10 years into a save-the-city plan concocted by its businessmen, planners and very competent city officials. Today, having spent $180m in bond issue funds and federal and city money, Baltimore is a thriving metropolis with gleaming new downtown buildings, a major theatre, new hotels and restaurants, sports and convention centres, a world trade building, museums and a lovely redeveloped inner harbour area.

*Baltimore is known as a work*ingman's town, a city of widely varying ethnic groups and 300 neighbourhoods. Wave after wave of immigrants have landed here from Europe — Poles, Italians, Ukrainians, Greeks, Lithuanians, Germans, Irish—and many of them settled here in terraced houses. About half the population today is black.

At the beginning of the decade the neighbourhoods which had been so much a part of Baltimore's attractiveness and diversity, were on the decline. The crime rate was high and so were the taxes. Abandoned houses dotted the neighbourhoods. To halt the slide and to match the efforts of revitalisation in the central city, officials began a determined rebuilding drive. Homesteading—the rehabilitation of old homes—was part of this effort.

The concept of homesteading was spurred on by President Richard Nixon's 1973 moratorium on the use of Federal funds for new home construction. Baltimore had at this time, through tax default or for urban renewal schemes, about 5,000 dilapidated, mostly boarded up homes scattered throughout the city. Someone—there's no certainty who—got the idea of selling hundreds of these homes for a token $1 and providing low interest loans to private renovators to rehabilitate the houses and live in them. Loans, ranging from 1-7 per cent, are available from city and Federal agencies under a variety of programmes.

The programme proved so popular that for the first 100 homes offered, 700 would-be takers appeared. A draw was held to resolve the issue and the winners found themselves involved in one of the most successful schemes yet devised for American downtown revitalisation.

> **Hard times in the City**
> **In a hard town by the sea**
> **Ain't nowhere to run to**
> **There ain't nothing here for free**
> **Oh, Baltimore, man it's hard just to live**
> **Oh, Baltimore, man it's hard just to live, just to live.**
>
> —*Randy Newman, "Baltimore" from "Little Criminals" album, copyright, all rights reserved by Hightree Music, 1977.*

To prospective buyers the city offers pre-purchase counselling, investigates the finance programmes available, matches purchasers with neighbourhoods and gives advice on contractors and brokers. Officials serve as landlords, counsellors, agents, promoters and administrators. They help tenants who feel they have been "stuck" with impossible properties, to relocate and offer default counselling to those whose personal finances run into trouble along the way. To avoid an influx of speculators, homesteaders have six months to make their homes habitable and must live in them for 18 months before the city hands over the deeds.

The dollar house programme is only one of several city projects designed to save the more than century-old homes. In the rehab-sales programme, the city itself fixes up individual houses and sells them. Many of these city-owned properties are in desirable neighbourhoods but have become eyesores through neglect and abandonment. The city lowers the price, makes basic improvements and sells them.

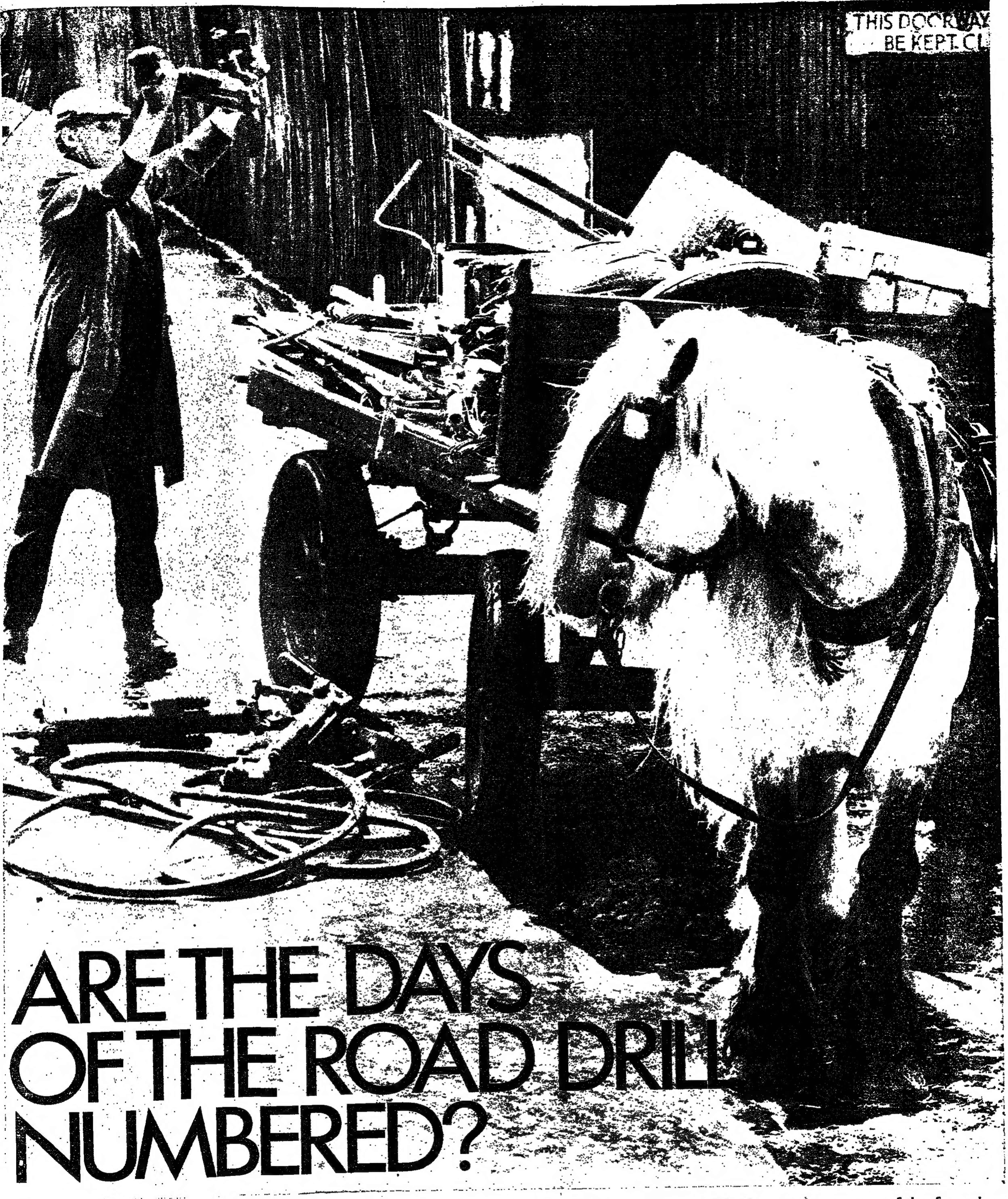
In another programme in the historic Fells Point area near the harbour, the city establishes a minimum bid price on each house, ranging from $2,000 to $16,000, and auctions them off to the highest bidder. Buyers are provided with professional estimates of the cost of rehabilitation (usually between $30,000 and $40,000 to begin with) and the city spells out the standards to be met. Once rehabilitation is complete, the city provides extensive area improvements. It repaves streets, instals new lighting, and landscapes the area. There has been some criticism of the cost of the area improvements—which are made in all the homesteaded areas—but city officials say the revenues produced by new taxes collected in the rebuilt neighbourhoods more than pay for the improvement costs.

Talk to the homesteaders and they will freely discuss the tribulations of rebuilding and the joys of accomplishment. Much of the work is done by individual owners or groups of homesteaders who band together on a job in the spirit of the old-time barn raisings. One couple exhibited their home to reporters at a recent city-sponsored picnic for homesteaders at which the city awarded ownership of the 500th "dollar house." Mr. and Mrs. Don Wilson had lived in their elegant rehabilitated home for six months, had knocked down walls, painted, varnished, decorated and borrowed $64,000 at 7 per cent interest from the city. Although he, as a social worker, and she, as an art teacher, earn a combined income of $32,000 a year, home ownership was something they hadn't expected to be able to afford for years. "It took some guts" they admit and "a lot of backbreaking work." Like other homesteaders they expressed their gratitude to the city and a high degree of civic pride. "We feel a commitment to the city so the city won't go down the tubes."

Homesteading has worked so well for Baltimore that officials have decided to apply the principle to revitalise run-down commercial areas. Under a programme called "shopsteading," the city is selling some of its 500 vacant city-owned buildings to would-be businessmen for $100. Shopsteaders can get financial help to renovate and operate their businesses through the Small Business Administration, or they can borrow up to $50,000 per structure from the city, paying 7 per cent interest for 20 years with no down payment required. Title is handed over after renovation is complete.

Much of Baltimore's progress has been made under the administration of Mayor William Donald Schaefer, a no-nonsense lawyer, who still lives in the terraced house where he grew up. In a state made famous for its edible crabs and corrupt politicians, a Baltimore Sun reporter calls him, with no hedging, "as pure as the driven snow." His commissioner of housing until last year was Mr. Robert C. Embry, whose reputation as an architest of Baltimore's progress made him President Carter's choice as an Assistant Secretary of Housing and Urban Development (HUD), where the concept of homesteading is being promoted on a national level. Programmes are also underway in New York, Dallas, Philadelphia, Atlanta, Chicago, Boston and Wilmington, Delaware, and HUD is budgeting increasingly more funds for such efforts.

Ironically, in Baltimore, the dollar house scheme may be the victim of its own success. The programme has done so much to raise neighbourhood housing values that remaining city-owned properties will most likely be sold at market prices—now considerably above $1.



ARE THE DAYS OF THE ROAD DRILL NUMBERED?

Road works may be things of the past. All that noise, nuisance and pollution may vanish when gas and water mains are made in non-corrodible, hardwearing polyethylene and won't need so much attention.

When? The day is closer than you think.

BP Chemicals have already developed grades of Rigidex high density polyethylene that meet the gasmen's requirements for gas mains (they're the only UK company to have done so). And they've done the same for the high pressure requirements of the water boards (the only UK company to have done that, too).

BP Chemicals, working on the frontiers of plastics technology, are in the business of producing raw materials to meet the changing demands of the modern world – materials that are more highly developed, more versatile than the materials of the past.

BP Chemicals are one of the founders of the European petrochemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply.

This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

BP

BP chemicals-making it all happen

WORLD TRADE NEWS

French talks on Australian uranium enrichment plant

BY DAVID CURRY PARIS, July 26.

PRELIMINARY discussions have taken place over the past two weeks between France and Australia on the possibility of French purchases of natural uranium and of participating in the construction of a uranium enrichment plant in Australia.

A French mission led by a senior civil servant in the Energy Directorate, M. Paul Mentre, was in Australia last week and had discussions with senior ministers, including the Prime Minister, on various energy questions ranging from uranium to coal.

This week the Australian deputy Prime Minister and Trade and Resources Minister Mr. Douglas Anthony has been in Paris to have talks with the Industry Minister, M. Andre Giraud and the head of the French Atomic Energy Commission, M. Michel Pecqueur. He visited the site of the Eurodif gaseous diffusion enrichment project at Tricastan, the Phenix fast breeder reactor and the Marcoule vitrification plant to treat nuclear waste.

The French are anxious to diversify their nuclear supplies in the medium term. At the moment, about half their needs are supplied by French mines and most of the remainder comes from Africa. The Atomic Energy Commission has a wholly-owned subsidiary, Afmeco, active in the field of uranium exploration as well as links with Australian companies.

In 1972 a joint feasibility study of a gaseous diffusion plant was called off as an Australian protest against French nuclear tests in the Pacific. The Australians are now talking with a number of countries including the British-German-Dutch Urenco consortium, Japan, the U.S., and the French about an enrichment plant as part of the policy of increasing the value of nuclear exports.

However, the Australian priority at the moment is to open up new mines for the sale of raw materials which could start producing in the early 1980s. (The Canberra Government is insisting that potential purchasers must sign a safeguard agreement defining the use and destination of uranium supplied before deliveries can be negotiated. Finland has just become the first European country to sign such an agreement and negotiations are well advanced with the U.K.

The Australian Labour Government banned nuclear exports in 1972 but some countries including the U.K. and Japan are still receiving supplies on the basis of contracts negotiated before then.

The French have traditionally been very prickly about permitting strings to be attached to uranium supplies, though they have just agreed that Euratom can explore a safeguard deal covering American supplies of enriched materials after a long period of refusal. The Australians have made it clear that France would have to subscribe to a safeguard agreement before deliveries could begin.

ASEA-Atom in U.S. talks

BY WILLIAM DULLFORCE STOCKHOLM, July 26.

ASEA-ATOM, the Swedish nuclear power company, confirmed today that it is negotiating an agreement with General Electric (GE) of the U.S. for the joint development of boiling water reactors. The company would give no further details until talks are completed.

ASEA-Atom has been called into the negotiations, according to Swedish press reports from Tokyo, at the request of the Japanese, who have not been satisfied with the performance of their existing nuclear power plants. The Tokyo Denrioku Electricity Company, which is negotiating new power station contracts with GE, has asked that ASEA-Atom join the development group, according to these reports.

For the Swedish company, which is owned half by the Swedish state and half by the ASEA heavy electrical engineering group, an agreement with GE and the Japanese would open up new markets at a time when domestic controversy over nuclear power appears to be limiting its prospects.

Airbus wing order for Fokker-VFW

BY CHARLES BATCHELOR AMSTERDAM, July 26.

AIRBUS INDUSTRIE has decided to award the contract for the construction of the wing-frame for the new B-10 version of the A-300 Airbus to the Dutch-German group Fokker-VFW.

This further reduces the likelihood that British Aerospace will be involved in the new generation of European passenger aircraft. The construction of the wing-frame and final assembly will be carried out by the German side of the Fokker concern, VFW-Fokker in Bremen.

The UK Government has been delaying a decision on whether it joins in the new Airbus programme or whether it opts for a partnership with an American manufacturer. The UK at present builds the wings for the larger B-2 and B-4 versions of the Airbus.

While the UK Government has not yet taken a final decision on whether to go for European or American co-operation, its chances of taking part in the B-10 become less as time goes by. Substantial British participation would require a redistribution of the shares in the new aircraft, a Fokker spokesman said here. The 200-seat B-10 was formally given the go-ahead by the French and West German governments earlier this month.

The decision to award the design contract and the construction of the wings to VFW-Fokker strengthens the West German role in the partnership.

The new, thicker wing, which is meant to cut fuel consumption by 15 per cent compared with the Airbus's existing wings, has been designed with the help of the German Ministry of Technology.

While Fokker is still formally a joint German-Dutch venture, talks are currently being held aimed at merging the German part of the company with Messerschmitt-Boelkow-Blohm (MBB). Fokker would retain a shareholding in the German production company through its central holding company in Dusseldorf.

Fokker is still awaiting a decision by the Dutch Government, whose financial backing it requires, on whether Holland should join in the new Airbus project.

Fokker is an associate in the present group supplying the movable parts of the aircraft's wings. No decision can be expected until the second half of August at the earliest on Dutch participation because of the holiday period, an Economics Ministry spokesman said today.

EEC anti-dumping

The provisional anti-dumping duty imposed by the EEC Commission on imports into the EEC of ferrochromium originating in South Africa and Sweden has been extended with effect from July 19, 1978 to cover also ferrochromium manufactured by Ferrolegeringar Trollhätteverken AB, Sweden.

ECGD backs $200m loan

THE Export Credits Guarantee Department has guaranteed the repayment and funding for a $200m loan arranged by S. G. Warburg on behalf of a syndicate of ten banks to Empresas Nucleares Brasileiras (NUCLEBRAS), Brazil. The loan will help finance the $235m UK portion of a contract awarded by Nuclebras to Urenco for nuclear fuel enrichment services.

Urenco is an Anglo-Dutch-German consortium in which British Nuclear Fuels is a partner. Finance from the loan will be drawn down during the period 1982-1987.

Australian car imports

Imports of assembled new cars into Australia in fiscal 1977-78 were well below quota, according to preliminary figures from the Australian Statistics Office.

The Federal Government set the quota at an annual rate of 90,000 cars for the first six months of fiscal 1977-78 and lifted it to 94,000 for the second six months.

Only 83,947 vehicles were imported during the year, down 19.8 per cent from imports in 1976-77. Japanese imports fell from 68,277 to 58,340, and those from Britain fell from 2,352 to 2,270.

'Village' for Kuwait

International System Buildings, of Wyllie, Gwent, have been awarded a £750,000 contract for the construction and supply of a complete, portable labour camp "village" outside Kuwait City.

EEC textile plan accepted by UK

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, July 25.

BRITAIN HAS lifted its four-month-old reserve on the EEC's proposed textiles imports arrangements with Portugal after receiving assurances that the Brussels Commission would act promptly if imports from Mediterranean countries threatened to disrupt the UK market.

Mr. Edmund Dell, the Trade Secretary, said after an EEC Foreign Ministers' meeting here that the assurances helped to remove the "outstanding doubts and ambiguities" about the way in which the Community's textile imports arrangements operated.

He claimed that the concessions which he had obtained, together with the bilateral agreements already concluded by the Community with other low-cost supplier countries, would produce the climate of confidence which the British textile industry said that it needed.

He said that Herr Wilhelm Haferkamp, the External Affairs Commissioner, had promised that the Commission would take action in future if there was an "imminent threat" of Mediterranean textile imports reaching their UK ceilings, rather than waiting until after this had occurred.

It was agreed that if the UK could show, on the basis of its national trade figures, that there was a danger of the ceilings being exceeded, the Government could appeal to the Commissioner to take action.

Britain also obtained a further safeguard in the form of a promise by the Commission to extend the principle of the so-called "basket extractor" mechanism contained in bilateral agreements to imports from Mediterranean countries.

This would permit the Community to impose quantitative restrictions on exports to the UK of products in categories not previously covered by quotas.

Mr. Dell made it clear that he expected the Commission's assurances to apply to imports not only from Portugal, but also from Greece, Spain, Malta and Cyprus.

The Commission recently imposed quotas on textiles imports from Greece, after it had been found that the import levels contained in the bilateral "understanding" reached with the Athens Government last December had been exceeded.

Wool exports in May the best for nearly a year

BY RHYS DAVID, TEXTILES CORRESPONDENT

WOOL TEXTILE exports, which have been affected in recent months by continued weak demand for textiles worldwide, picked up again in May reaching their highest level for almost a year.

The industry, one of Britain's top overseas earners, sold goods worth £35.3m overseas in May, an increase of £3.6m on the previous month, though still £700,000 down on the same month last year.

The increase in sales in May has enabled the industry to catch up with the first five months of last year in the total value of sales—roughly £164m—though in real terms it is still behind because of the effect of inflation.

Sales of woollen cloth in the first five months of this year totalled 11.2m square metres compared with 12.7m square metres in the same period last year. Worsted cloth sales rose, however, from 6.6m square metres to 8.1m square metres.

Yarn exports in the first five months at £31.2m were down 7 per cent over 1977 (14 per cent less in volume) and raw wool at £20.1m was down 10 per cent (7 per cent in volume). Earnings from tops (combed wool) were down 23 per cent to £21.6m and were 2 per cent less in volume.

Courtaulds to sell carbon fibre in U.S.

BY KEVIN DONE, CHEMICALS CORRESPONDENT

COURTAULDS is moving into the U.S. market for carbon fibre, the speciality engineering material, which it had pioneered in Western Europe.

The fast-growing U.S. market, which accounts for about 50 per cent of world demand, has previously been the preserve of Hercules the U.S. chemicals company, following a licensing agreement it reached with Courtaulds in 1969.

That agreement gave Hercules an exclusive licence to manufacture and sell Courtaulds' carbon fibres in the U.S. Since then both companies have been building up their respective markets to develop applications for this sophisticated new engineering material, invented in the UK in the early 1960s.

The two companies now believe that the market has grown sufficiently for the conditions of the present licence to be changed to make it non-exclusive. This will take effect from December this year.

Hercules and Courtaulds are the leading manufacturers in their respective markets, with the main competition coming from Toray in Japan. A patents dispute is still unresolved with this company.

Courtaulds will continue to supply Hercules with the special acrylic fibre, which is the raw material for carbon fibre.

Courtaulds recently announced an expansion of its present 100 tonnes a year manufacturing plant at Coventry to an annual capacity of 250 tonnes. The expansion is understood to cost in the region of £4m and the new plant should be in production next year.

Carbon fibre has special properties of rigidity, lightness and high strength. It has been developed for uses in the aircraft industry—in making airframe and helicopter blades—in the motor industry and some sports goods, such as golf clubs, tennis and badminton rackets and racing boats.

The world market of 300-400 tonnes a year is still small but it is expected to grow at more than 40 per cent a year well into the 1980s. Carbon fibres sell at between £25 and £75 a kilo.

Slowdown in imports helps to reduce Greek deficit

BY OUR OWN CORRESPONDENT ATHENS, July 26.

A SHARP decline in imports in June helped cover a standstill in exports and reduce Greece's trade deficit in the first half of this year.

According to figures released by the Bank of Greece, imports in the first half of 1978 rose by 7 per cent to $3.5bn. They had increased by 10 per cent in January to May, causing the Government to slow down import procedures. Exports, which increased by 26 per cent, in January to June 1977, rose by only 2.4 per cent in the first half of this year to $1.4bn, resulting in a trade deficit of $2.1bn (compared with a trade deficit of $1.9bn in January to June 1977).

Invisible earnings increased by 12.5 per cent to a total of $1.7bn (they had increased by 23 per cent in January to June 1977). Invisible payments totalled $492m, leaving a deficit on current account of $892m, an increase of 8.5 per cent over the same period of 1977.

Government sources have forecast that the current account deficit for the whole year will reach $1.5bn. This would compare with a dificit of $1.3bn in 1977.

Mr. G. Avramidis, president of the Panhellenic Association of Exporters, said in a recent article that the small size of the majority of Greek exporting companies was one of the major problems which hindered the effort made to boost exports.

Mr. Avramidis pointed out that there were 13,210 registered export companies in Greece and that according to official data about 200 of them (or 1.5 per cent) handled 54.3 per cent of the country's total exports. The remaining 45.7 per cent of total exports was distributed among 13,000 other companies, most of which had an annual export turnover not exceeding $20,000.

Mr. Avramidis stressed the need to set up companies to handle exports on a large scale. He said small-sized export companies did not win the confidence of foreign buyers, could not handle large orders, did not ensure the speedy and correct completion of an order, could not meet high quality standards and did not make for competitive prices.

French wine link for UK

BY KENNETH GOODING

TWO MAJOR French wine producers have joined forces to market their products in the U.K.

The companies are Cordier, one of France's biggest exporters of wine and certainly the major privately-owned business in the Bordeaux region, and Laurent Perrier, the largest privately-controlled group in the Champagne area and one which has the fourth best-selling brand of Champagne in the world.

The two set up a similar marketing-distribution arrangement in France itself three years ago, handling not only their own brands but the agencies for products such as Vat 69 Scotch, the Antiquary Scotch, Nicholson's gin and Cockburn's Ports.

Last month the French business was joined by a third partner, Benedictine.

Vicomte Bernard de la Giraudiere, a director of Laurent Perrier, made it clear in London yesterday that his group had decided to do its own marketing in the U.K. because of the changes in the structure of the trade. "So many companies have changed ownership because otherwise they could not survive."

Cordier has been marketing on its own account in Britain for three years during which time turnover has increased from £250,000 to an estimated £2.5m this year.

Revenue's plan to curb leasing of cars

BY DAVID FREUD

ɪE INLAND REVENUE made ıblic for the first time yester- y the way it intends to curb fringe" car-leasing operations. These are regarded as abusing c tax allowances available in e last three years for car ases. The Inland Revenue has ade known its views to terested bodies in the past and sterday's Press announcement in line with such warnings.

The leasing arrangements the evenue objects to arise when e car is sold after the leasing riod to, typically, the company ecutive who used it at a value r below its true worth in the cond-band market.

Such schemes will be dealt th in four different ways, de- nding on circumstances.

The car may be regarded, as r as the lessor is concerned, as ɔck in trade, rather than as an set qualifying for capital allow- ıces. Second, if capital allow- ıces are given, the open market ılue of the car may be brought to the taxation computation at e end of the lease, rather than e sale proceeds.

Third, the lessee's rental pay- ents may not be allowed as an fset against corporation tax ecause they were not made holly or exclusively for the ırposes of the business" or be- use they were in part capital penditure.

Fourth, the person connected ith the lessee — the company ecutive — who acquires the r, may be liable under hedule E on any benefit he ɔtains.

Injunction sought in airport row

By Michael Donne, Aerospace Correspondent

ɪHE British Airways Authority, hich owns and runs Heathrow rport, is seeking an interim junction in the High Court straining any airline from sell- g cheap-fare Stand-By tickets Heathrow.

The authority, announcing this ecision last night, said it xpected the application for the junction to be heard within a eek.

It had taken this legal step ecause some airlines had fused to respond to its earlier quest to stop selling cheap ckets at the airport, thereby using major congestion and metimes even chaos in erminal Three, where long-haul assengers check-in for their ights.

The undoubted success of the heap-fare Stand-By flights, here passengers queue often vernight in the hope of getting it-price seats on the next day's ights to the U.S., has brought any headaches for the airports ıthority—not least the conges- on which often prevents other assengers from reaching the eck-in desks.

The authority some time ago ked the airlines to stop selling heap tickets at Heathrow, and onfine their sales to their town cket offices. Some airlines amediately agreed, but others, ıcluding TWA, persisted in sell- ıg at Heathrow.

The congestion has grown orse in the past few weeks, ith the summer peak travel eriod, and last weekend and arlier this week there were ome angry scenes as passengers ho had queued for hours were nally turned away empty- anded.

Winding-up order for life company

A COMPULSORY order for the inding-up of Capital Annuities, he former life company sub- idiary of London and County ecurities, was made yesterday y Mr. Justice Slade. A petition or liquidation was originally ıade by the company itself in pril, 1976.

A rescue scheme produced in o-operation with the Policy- olders Protecting Board was ejected by the judge in March. Ir. David Oliver, counsel for the oard, told the judge yesterday hat the Board had decided that fter considering this judgment revised rescue scheme was npracticable.

Policyholders with the com- any were already receiving iterim payments of 70 per cent f their contractual benefits and rrangements had been made to ncrease these payments to 90 er cent and top up previous ayments.

Beecham chief attacks Tory 'ambiguity'

BY KEVIN DONE

BEECHAM GROUP, one of the Conservative Party's biggest financial supporters, yesterday attacked the Tories for failing to define their position on economic and industrial policy.

Mr. Graham Wilkins, chairman of Beecham's, told the company's annual meeting yesterday that the party was endangering its chances of success at a forthcoming election because of the ambiguity of its position on several issues.

He questioned how the Conservatives would deal with the trades unions. "Nearly every speech by a Conservative spokesman pointing in one direction is followed by a speech by a different spokesman pointing in another.

"One can understand the party's desire to make a broad appeal to the electorate, but there is a difference between that and trying to be all things to all men.

"The risk of taking that course is that they may find in the end that they appeal to very few."

Last year Beecham paid £20,000 into Conservative Party funds and donated £1,000 to the party's Centre for Policy Studies. But Mr. Wilkins said yesterday: "There is nothing automatic about our support. We weigh the question carefully every year."

Expressing his disenchantment with the party's performance, he recalled how quickly the last Tory Government changed direction over state intervention in industry.

"I do not pretend to know whether the next Conservative Government will be as interventionist as the last one. What is worse I suspect that the party does not know either."

Mr. Wilkins suggested, however, that a Conservative Government would at least be preferable to the present Labour administration. "It is hard to imagine a more depressing prospect than that."

Private housing 'starts' up 30% in first half of year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CONTINUING improvement in private house building output during 1978 was confirmed yesterday by figures from the National House-Building Council.

The figures provide more up-to-date information than those of the Department of the Environment and show that the number of private housing starts achieved in the first six months of 1978 reached 83,093. The figure represents a 30 per cent increase over the comparable total for 1977 and is 10 per cent above the first-half average established over the last five years.

According to the council, the consumer watchdog for the private housing sector, the number of homes completed in the January-June period also rose. A total of 75,138 homes was finished by contractors during the six months, against just under 69,000 a year earlier, a rise of 9 per cent.

Commenting on the figures, which confirm that private housing remains one of the most buoyant areas within the construction sector, Mr. Andrew Tait, director-general of the council said: "These are good figures, but there have been indications that the rate of new starts is likely to fall in the second half of the year."

For 1978 as a whole, private house builders expect to start something in the region of 155,000 against the 1977 total of 135,000. Completions this year should rise to about 160,000 after the 1977 figure of 140,000. The outlook beyond this year, however, remains uncertain, although most forecasts suggest a decline rather than a further rise in output.

Private house builders have been pleased with the way the market this year has been performing. Demand has remained strong costs have stabilised and, with prices rising quite significantly in many areas over the first half of the year, their operations have become more profitable than has been the case since 1972-73.

The Rolls-Royce look

FINANCIAL TIMES REPORTER

ROLLS-ROYCE MOTORS may seek an injunction against a company now planning to convert its cars into exclusive vehicles with the Rolls-Royce look.

The car, the Panache, is due to be launched soon by a Kent company, Townley Cross Country Vehicles. A four-door saloon, it is based on the Rolls-Royce Silver Shadow design with coach-building by Italians.

The Panache is expected to be sold at about £50,000, compared with a price for the Corniche of £38,879. In the second-hand market, the Corniche, Rolls-Royce's most exclusive model changes hands at up to £48,000.

Private grocery group to open Huddersfield hypermarket

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A HUDDERSFIELD privately-owned grocery company joins the ranks of Britain's hypermarket operators next week when it opens a 86,000 sq ft store on an old mill site.

The store, which is large even by the standards of public groups like Tesco, and is probably the largest independently-owned hypermarket in the country, has been developed by F. and A. E. Lodge, with funds provided partly by the Industrial and Commercial Financial Corporation.

ICFC has provided a £1m financial package for the new hypermarket in the form of an £800,000 secured loan, a leasing facility of £200,000, and a small equity stake.

The Lodge family started in the grocery business as market stallholders before the war and now runs two large supermarkets, five small ones and five other self-service shops in the Huddersfield area.

The hypermarket is expected to double the company's turnover which last year stood at just under £8m. It will sell both foods and non-foods, initially in a trading area of about 50,000 sq ft. This will then be extended to 86,000 sq ft, which will make it one of the country's largest hypermarkets.

Hypermarket trading is far more developed in the North of England than in the South but though superstore operators like Asda and Morrisons are very active in Yorkshire, they do not have branches in Huddersfield itself.

Shipping and oil companies may be asked to help raise £30m

BY LYNTON McLAIN, INDUSTRIAL STAFF

A CABINET committee is to consider calling for financial contributions from shipping and oil companies to fund a £30m programme for six ships, needed urgently to upgrade Britain's seriously depleted hydrographic survey fleet.

This had seven ships too few to meet the backlog of 100 "ship-years" of civil work on top of the 284 ship-years of work required by the Navy, a Commons committee was told yesterday by Rear Admiral David Haslam, the official hydrographer to the Navy. The MPs are investigating ways of preventing oil tanker collisions and strandings.

Without the extra ships, the Navy's hydrographic requirements would not be met until almost the end of the century, he said. The original estimate without the new ships had been put back to 1995 as a result of extra Ministry of Defence requirements.

Civil surveys were needed along heavily-used shipping lanes. The Sullom Voe North Sea oil terminal and its approaches in the Shetlands were areas which had not been adequately surveyed, Trade Department witnesses said.

The doubling in draught of deep-sea tankers and the need for detailed exploration of the sea bed called for more survey work, but there was a continuing problem of funding the new vessels which were needed.

A number of options were being considered by an inter-departmental working group to see how the civil hydrographic requirements could be funded. The group is chaired by Mr. Clive Whitmore, of the Cabinet office, and comprises the hydrographer and officials from the Defence Ministry, the Treasury and the Departments of Energy, Trade and Transport.

Treasury officials said they favoured contributions from non-government sources.

The group will report its conclusions in September to Lord Peart, Lord Privy Seal, who is responsible for co-ordinating Government maritime policies.

He will report to the Cabinet committee.

Player may cut sponsorship

BY DAVID CHURCHILL

THE FIERCE price war among major cigarette manufacturers may force John Player and Sons, the Imperial Group subsidiary, to curtail its sponsorship of important sporting events.

The company said yesterday that a number of its main sponsorship contracts, including those for motor racing and tennis, were coming up for renewal and pressures on its marketing budget from the price war, meant it was having to reconsider maintaining its involvement in sport sponsorship.

John Player, believed to be the largest industrial sponsor of sport in the UK, is estimated to spend between £1m and £1.5m a year. It supports the Royal International Horse Show and the Sunday limited-over cricket games. It also sponsored Lotus cars in motor racing as well as a major tennis tournament.

There is little doubt in marketing circles that the company has benefited from its heavy sponsorship, especially in cricket. But the trend in recent years has been towards a more price-sensitive market rather than one where smokers stay with one brand for other factors.

Heath leads road campaign

BY RUPERT CORNWELL

MR. EDWARD HEATH, Tory MP for Bexley-Sidcup and former Prime Minister, is leading a campaign to secure compensation for householders affected by the improvement of the Rochester Way A2 road running through his constituency.

Mr. Heath and Mr. Cyril Townsend, residents in whose constituency of Bexley-Bexleyheath have suffered similarly, are to have talks with Mr. William Rodgers, the Transport Secretary. The outcome is likely to set an important precedent for other such compensation cases pending.

The move follows failure by Sir Idwal Pugh, Ombudsman, to sway the department from its view that the circumstances were not exceptional enough to justify extra-statutory payments to the 400-odd people involved, who had not submitted their claim for compensation by the latest possible date of June, 1975.

In a report issued yesterday, Sir Idwal said that the department could have decided to make a special case of the claims, but did not. "In my view, the complainants have sustained injustice which has not and will not be remedied."

The case revolves around whether the department took all the proper steps to ensure that the 1,100 people who might have been affected were aware of their rights under the 1973 Land Compensation Act, passed under the Heath administration.

In fact, 700 did apply.

The Ombudsman concludes that there was "a degree of defective administration . . . Relatively small though it might have been, it had the major effect of frustrating the intention of the Act and of Ministers that such claims should be admitted."

The two MPs first tried to raise the affair during the adjournment debate at the end of this session. But this is nominally related to the Consolidated Funds, and Commons table clerks had ruled the subject ineligible since the payments at issue were ex gratia and not statutory.

Their chances of success look reasonable.

Mr. Denis Healey, Chancellor, has told Mr. Heath and Mr. Townsend that if there is a Treasury interest, his Ministers will be ready to discuss it.

More freight carried on canals

Financial Times Reporter

MORE FREIGHT was carried on Britain's canals in the first six months of this year than in the corresponding period in 1977, the British Waterways Board said yesterday.

The Board also said that longer journeys were being made.

In the period to the end of June, traffic increased by 8.6 per cent in terms of tons carried. The number of tonnes-kilometres rose by 17.6 per cent.

Traffic in coal and coal products liquids and general cargoes had increased on the Aire and Calder Navigation, the Gloucester and Sharpness Canal, the River Severn and the Crinan Canal, Scotland. But on the Sheffield and South Yorkshire Navigation, total traffic had declined, as forecast by the Board.

This decline could be arrested and an extra 1.5m tonnes of freight could be carried on the waterway if the Transport Department gave the go-ahead for a proposed improvement scheme, the Board said.

Sir Frank Price, chairman, said: "This would be the first major canal improvement for 60 years in Britain." It could bring jobs and great environmental improvements to the Yorkshire and Humberside region.

£220,000 aid to move plant

By Our Welsh Correspondent

THE WELSH Development Agency has announced a £220,000 deal to help Alf Parkman, the Bristol-based supplier of continuous stationery for computers, to move its works to a 10,000 sq ft factory at Usk, Gwent.

The aid is in the form of a shares and loan agreement. Some of the money will be used for buying new premises and £117,000 of it for an additional printing machine.

The development agency also announced a £88,000 loan for Rodell Chimneys, of Brecon; and £60,000 for E. C. Evans (Henllan), agricultural machinery suppliers, of Denbigh.

Ex-Leyland man testifies on bribes gossip

A FORMER British Leyland executive told the Old Bailey yesterday of an idle gossip which could be interpreted as showing that backhanders were being paid.

Mr. Clive Strowger, the executive, was being questioned by Mr. William Howard, QC, for the defence at the trial of Mr. Graham Barton and his Turkish-born wife Fatma.

Mr. and Mrs. Barton, of Hounslow, Middlesex, together deny a total of five charges arising from the alleged forging of copies of two letters to Leyland—one purporting to be from Lord Ryder and the other from the Bank of England—and using them to dishonestly obtain £5,000 from the Daily Mail newspaper.

Mrs. Barton is not charged in connection with forging the Bank of England letter.

Mr. Strowger said that in 1975 he was finance director of British Leyland International and Mr. Barton was a senior analyst in the distribution markets and overseas project department of the financial controller's area.

In December of that year he asked Mr. Barton to undertake a special study and his conversation may have included an explanation that the companies within Leyland had for many years been paying confidential commissions in certain territories.

Mr. Strowger had asked Mr. Barton to look at financial transactions which were non-routine and which included commission arrangements for overseas agents.

Refused

He said it was possible, although he could not recall it, that he asked Mr. Barton to tell him of any irregularities he heard about. After a visit to Rover at Solihull he asked how the assignment was going. Mr. Barton replied that Mr. Don Rogers, the credit controller at Rover, had refused to show him original documents.

Mr. Barton said he had had to rely on what he was told from various divisions within the company. He had also told him of hearsay matters he had picked up.

Mr. Howard: "You told him you wanted to hear that, provided he told you its source and how reliable he thought it was?"

Mr. Strowger: "Yes."

Mr. Barton had told him of a rumour that company personnel were getting themselves written in by intermediaries who prepared bank account payments in certain territories.

Mr. Strowger said he considered it to be idle gossip, but agreed it could be interpreted as showing that backhanders were being paid.

Mr. Howard: "Did you say something to this effect—that the payments were getting very large, that they worried you and you wanted to know what it was all about because it must be got under control?"

Mr. Strowger: "I cannot imagine I did because I had no idea what the size of the amounts were at that time."

Then Mr. Strowger was questioned about £350,000 he had sanctioned for payment to Lausanne. He said he recalled a large sum like that having to be paid, but could not recall the reason.

Mr. Howard suggested it was an unusual payment because the beneficiary was to be paid before Leyland had received the money on the contract.

Mr. Strowger: "I cannot recall the precise detail, but certainly there was a stage payment relating to various stages of payment under contract and delivery."

Informed

Earlier, Lord Ryder, former chairman of the National Enterprise Board, told the jury that he would have told the Government immediately if he had discovered that millions of pounds were being paid improperly by British Leyland.

Mr. Howard asked Lord Ryder if he would have expected to have been informed if Mr. Alex Park, a former chief executive of Leyland, had found that such payments were being made.

Lord Ryder: "I would most certainly expect to have been informed. I would most certainly have taken action. I would most certainly have informed the Goevrnment."

Lord Ryder emphatically denied having ever seen a memorandum headed "Commissions and retentions."

Mr. Howard said it had been given in evidence that it was written in 1974 and attached to a letter signed by Mr. John Champion, the Treasury Manager at British Leyland, dated August, 1975, and addressed to Lord Stokes, Mr. Barber, Mr. Alex Park and other Leyland executives.

Mr. Howard said it contained the sentence: "The main problems caused by the illegality of many of these transactions in the territory concerned. . . ." He said it went on then to make recommendations.

Lord Ryder, at first glance at the document, said he thought it most unlikely he had ever seen it before. Asked whether, if he thought it was a genuine British Leyland document, he would have taken some action, Lord Ryder said he would.

The trial was adjourned until today.

Church Commissioners block Park West sale

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE Church Commissioners yesterday blocked the £9.9m sale of Peachey Property Corporation's Park West apartment block in London's West End.

The Commissioners, who hold the freehold of the 542-flat block, objected in the High Court to the sale of Peachey's 117-year lease on the building to Mr. Murbarek Al-Hasawai one of Kuwait's richest businessmen.

The Commissioners did not want the building to be administered by a foreign-based company "because of the difficulties in holding such lessees to the terms of covenants in the lease."

Mr. Justice Walton ruled against Peachey's submission that the Commissioners were unreasonably withholding their consent to the sale. When Peachey started proceedings on July 11, the company formed by Mr. Al-Hassawai to control the block, the Liechtenstein-based Intelec Investment Corporation, had not been formed.

Cheshire uranium plant to get more work

By David Fishlock, Science Editor

BRITISH NUCLEAR FUELS is to start recycling depleted uranium—fuel which has passed through a reactor—at its old enrichment plant at Capenhurst, Cheshire, to extract more of the fissile component.

This operation, undertaken with the collaboration of the electricity boards as owners of the depleted fuel, will restore the uranium to its natural level of the fissile uranium-235 component.

The plan is to enrich further the uranium by the new gas centrifuge process, under a contract with Urenco, the Anglo-German-Dutch enrichment company, of which Nuclear Fuels is one-third shareholder.

Sir John Hill, chairman of Nuclear Fuels, said last night that rising uranium costs made good economic sense to strip more of the fissile material from depleted uranium, reducing its uranium-235 level from 0.35 to 0.25 per cent.

The capital cost of the diffusion plant at Capenhurst had largely been written off and the cost involved was essentially the electricity cost.

The company more than doubled its export earnings last year, to total £23.2m, out of sales of £161m.

Pre-tax profits reached a record £11m, compared with £7.5m the previous year.

On a net profit of £5.1m, Nuclear Fuels is to pay a dividend of 4 per cent — £1.3m — to the government through its sole shareholder, the UK Atomic Energy Authority.

The principle of paying a dividend was established for the first time last year on the recommendation of a Parliamentary select committee in spite of the heavy investments which Nuclear Fuels expects to be making.

£500m contracts

The biggest investment is an estimated £600m for a new reprocessing facility for spent nuclear fuel at Windscale, for which the company obtained Government approval in May.

Contracts estimated to be worth nearly £500m for fuel to be reprocessed in this plant have been signed since approval was given says Sir John in the company's annual report.

In addition, the company has a programme of capital expenditure standing at £333m.

The new project had been approved after a "uniquely searching public examination of the company's activities and plans and their technical, environmental and economic implications," said Sir John.

Reviewing the company's performance, Sir John said that he was encouraged by the signs indicating that "public appreciation of the need for and advantages of nuclear energy is growing."

As a one-third shareholder in Urenco Nuclear Fuels shares orders worth about £1bn for enrichment services.

● The Export Credits Guarantee Department said yesterday that it had guaranteed the repayment and funding of a $200m loan arranged by S. G. Warburg on behalf of a syndicate of 10 banks, to Nuclebras, the Brazilian nuclear group. The loan will help finance the $235m UK portion of a contract awarded by Nuclebras to Urenco, for the supply of enrichment for two reactors under construction near Rio de Janeiro.

Chemicals output recovers, but high imports disturb industry

BY KEVIN DONE, CHEMICALS CORRESPONDENT

PRODUCTION OF chemicals in the first four months of the year showed some signs of recovery from the very low levels recorded at the end of last year.

But output was still only marginally above the average for the whole of last year while imports had reached a "disturbingly high level," the Chemical Industries Association said yesterday in its latest economic bulletin.

The recent rise in the value of sterling, however, could begin to have a serious effect again on chemicals exports.

According to the association, many plants, particularly in the petrochemicals sectors, were still working well below capacity, but the general improvement in sales had been sustained in May and June.

Short-term prospects looked a little more hopeful now that consumer spending was picking up again and manufacturing output was at last beginning to rise.

Stock levels were still rather high, however, and this was likely to restrain any dramatic improvement in home demand for chemicals later this year.

The association predicts a rise in chemicals production this year of only 2½-3 per cent, which is roughly in line with the level of growth expected generally from the industry in Western Europe.

Exports from the UK were likely to grow at about 7 per cent this year. The sluggish export performance in the first quarter had been overcome and the latest figures suggested that a positive upward trend was under way for the first time since the middle of last year.

These hopes could be hit however, if sterling remained at its present high level. The volume of exports over the first five months was up 4½ per cent on last year's average.

By comparison the volume of imports had been disturbingly high at about 15 per cent above the average for last year.

This was partly explained by the high level of sterling in January and February and the continuing overcapacity, low prices and poor sales throughout the rest of Western Europe, which was making the UK a relatively attractive market for importers.

The prices of materials and fuels bought by the chemicals industry rose strongly in the three months March to May, the first time this has happened since May 1977.

Chemical prices as a whole rose by some 2 per cent in the March-May period and the prices of basic petrochemicals and plastics appear to have bottomed out.

Average earnings in the chemicals industry in the first quarter were 13 per cent higher than a year earlier. Meanwhile, capital expenditure amounted to £222m in the first three months. The industry predicted earlier this year that capital spending for the whole of 1978 would rise to some £1.07bn, a 14 per cent volume increase over 1977.

Christie's top month for jewellery

SALEROOM

BY PAMELA JUDGE

A CUT-CORNERED rectangular single-stone diamond ring weighing some 19.96 carats went to Graff Diamonds, the London dealer, for £26,000 at Christie's sale of jewellery yesterday.

The total at the auction was £227,193—less than one per cent was unsold—bringing the house's sales of jewellery this month to just under £1m at £985,472, the best in the history of Christie's.

Music, the London dealer, paid £17,000 for an emerald and diamond brooch, £2,000 above the best estimate. Seymour, another London dealer, gave £15,000 for a ruby and diamond necklace, which was under the estimates.

Christie's auction of 19th and 20th century printed books amounted to £47,727. A copy of the works of Chaucer published by the Kelmscott Press in 1896 and bound by Cobden-Sanderson of the Doves Bindery in cream pigskin was bought by Quaritch at £32,000—way above the estimated figure.

At Christie's South Kensington, furniture, carpets, objects of art and clocks totalled £52,341. The top price was £2,300 for a Victorian walnut side cabinet with ormolu mounts and a serpentine top. A French bleu-de-roi porcelain and ormolu-mounted clock set, the clock in a lyre-shaped case, fetched £1,250.

Wines, spirits and cigars realised £124,183 at Sotheby's. A high price, £800—possibly a record—was paid for six bottles of Chateau Margaux 1945. A record £195 was paid for a dozen Chateau Grillet 1976. A bottle of Marcobrunner Trockenbeerenauslese Cabinet 1959 was sold at £56, a jereboam of Bollinger 1959 made £76 and a bottle of cognac Louis de Salignac, Grande Champagne Reserve 1914, fetched £105.

Paintings from the last three centuries fetched £43,295 at the same house. A portrait of Henry Atherton by Benjamin West went to Valls, London, for £1,200 and Chelsea Galleries was successful as £1,050 for a work by Ross.

Pledge on dangerous loads law

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE GOVERNMENT is to tighten up enforcement of existing regulations for the movement of dangerous chemicals by road and is hoping to issue a draft of new laws by October.

After the recent tragedy in Spain in which more than 200 people were killed when a chemical tanker crashed and exploded at a crowded camp site, the Government has sought to speed up the introduction of new regulations in the UK.

Mr. William Rodgers, Transport Secretary, said in a Parliamentary written answer yesterday that he proposed to have tanker labelling regulations on the Statute Book before the end of the year year.

Comprehensive regulations covering the design of vehicles carrying dangerous substances should be issued by the Health and Safety Commission in the form of a consultative document by October.

HOME NEWS

MPs urge more aid for forces in W. Germany

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

URGENT MEASURES by the Government to halt the deteriorating situation of forces in West Germany are called for in a new report by an all-party committee of MPs.

The report, probably the most serious indictment of how progressive cuts in defence spending in recent years have reduced not only morale but also the standards of equipment of UK forces there, ranges widely in its criticisms and comments over such matters as disgruntlement over pay, lack of adequate training facilities, lack of up-to-date weapons to match those of the Warsaw Pact and a high level of wastage of personnel.

"We have been left in no doubt whatever of the present depth of dissatisfaction over Service conditions felt amongst all ranks within the British Army of the Rhine and RAF Germany," says the report from the defence and external affairs sub-committee of the Commons expenditure committee.

"That the sense of grievance has gone well beyond mere words is demonstrated by the latest figures for wastage. These show that applications for premature voluntary release by officers of all three Services have jumped sharply in 1977-78 compared with the previous year and that in the Army the figure has nearly doubled.

The committee quotes the Commander-in-Chief, RAF Germany, as saying that "there is a large number of people of high quality, irreplaceable people some of them, who are leaving in mid-career.

"They are seeking every opportunity they can to get out. We have people queueing up for premature voluntary release."

The committee says that the effect of this accelerating drain on manpower is not merely disruptive, and therefore operationally damaging, but also represents a highly wasteful dissipation of the taxpayers' investment in lengthy training and costly equipment. "To train a fast jet pilot to full operational standard can cost as much as £1m."

The committee says that much of this situation could be put right with relatively little expenditure and it urges the Government to take immediate action, by legislation if necessary.

The report has harsh comments on the equipment front, especially in view of the Warsaw Pact forces' substantial advantage over NATO in manpower and equipment.

It says, for example, that the low numbers of anti-aircraft and anti-armour missiles held by operational units is profoundly disturbing and it recommends immediate action to increase them.

The heavy artillery regiments in BAOR are equipped with pitifully few anti-artillery rockets. "There seems to us to be a real danger that without an effective counter-battery capability, our gunners could be in serious difficulty."

It adds that "our general impression of the equipment in RAF Germany is that many aircraft types are ageing and increasingly vulnerable to air-to-air attack." The Tornado replacement for the Phantom, Lightning and Buccaneer is "urgently needed."

Moreover, there are a number of deficiencies in existing aircraft. "The Jaguar, Harrier and Buccaneer lack an up-to-date self-defence capability, being equipped only with cannon," while the performance of the Jaguar's radio is deficient.

Fifth airfield

There are problems with finding adequate training areas for low flying, with the opportunities over the years progressively reduced to a point close to the minimum. The committee strongly urges the Ministry to *give consideration to solving this* problem since, with the introduction of the Tornado, an even higher premium will be placed on proper training facilities.

There is also the question of the RAF's needing a fifth operational airfield in West Germany, in addition to Laarbruch, Wildenrath, Bruggen and Gutersloh, to improve its capability.

Saying that the BAOR is overstretched, the committee urges that at least 1,000 of the extra 1,900 Army personnel planned by the Ministry of Defence should be sent to BAOR. "This is the minimum for which the C-in-C is hoping, and probably the minimum which the Army can get by with."

The committee says that in spite of the problems, it was "greatly impressed by the continued dedication and professionalism exhibited by both BAOR and RAF Germany at a time of considerable stress and difficulty.

"We were under no illusions about the strain felt by the Services but we were struck none the less by the sober assessment of C-in-C Germany."

He told the committee: "We continue to get an absolutely superb performance out of everybody, that is all ranks at all levels. They are still doing their job. But how long that will last I think is a matter for some considerable concern."

Pay is not necessarily the most vital factor, but "it must none the less be put right on grounds of simple justice and in order to stem the drain of skilled manpower," says the committee.

"We have mentioned a number of smaller irritants, particularly in the field of social benefits, which combine to make Servicemen feel resentful and badly treated."

The committee says that what is needed is a period of calm and consolidation for the forces in West Germany, and some assurance that the present arrangements are set for the foreseeable future.

"We believe this to be vital not only because the forces are entitled to know where they stand, and what is expected of *them: it matters also in the sense* that only a confident and settled Army, RAF and Navy, properly equipped, can play their full part in confronting and deterring the Soviet threat, whose relentless growth was so starkly impressed upon us during the course of our visit."

Tenth Report from the Expenditure Committee, Session 1977-1978: British Forces Germany; Commons Paper 563-I; SO; 80p.

New BR safety measures after tragedy

BY PAUL TAYLOR

SAFETY MEASURES to be incorporated in British Rail's new sleeping cars are being reviewed following the blaze on the Penzance to London night train in which 11 people died.

Design of the new Mark 3 sleeping cars began in British Rail's research and development centre at Derby several years ago. Prior to the accident at Taunton on July 6, BR planned to introduce safety measures including smoke detectors, emergency exits through double-glazed windows and better fire-resistant materials.

However, without anticipating the results and findings of the inquiry which has recently been completed, BR is considering introducing other measures such as special facilities for storing bedding and linen.

Conscious of its fine safety record — the Taunton deaths were the first caused by fire on British Rail since 1950 — BR has already completed a review of safety precautions on existing sleeping cars.

British Rail's 363 sleeping cars are all between 18 and 20 years old and although refurbished, the inquiry into the disaster has revealed some of their shortcomings.

Yesterday BR confirmed an announcement made by Mr. Alec Bath, its acting chief operations manager, made at the end of the inquiry. He had said a package of safety proposals had already, or would be, introduced on existing rolling stock. These included restating instruction to sleeping car attendants that external and internal doors must not be locked, windows must be checked and staff must remain vigilant at all times.

Sleeping car attendants on the Penzance-London train told the inquiry they "inherited" the practice of locking doors on sleeping carriages. This was "fairly widespread" and the reasons given by attendants included the need to keep vagrants out of the carriages.

Accident

Other measures to be introduced by BR in the aftermath of the accident include the posting of notices in three languages in every sleeping car detailing fire precautions and emergency procedures, and fire extinguishers are to be positioned at each end of the cars. Attendants have been issued with fire extinguishers and hand claxon alarm.

In addition, British Rail is to build a new safety training module for sleeping-car staff. Fire chiefs believe the most probable cause of the Taunton fire was bedding linen stacked against a wall heater at the end of the car.

BR hopes to begin construction of the new sleeping-car rolling stock next year although the number of new units, and the timing of their introduction depends on several factors.

The construction of a new fleet of sleeping-car stock requires Government approval and, because fewer sleeping cars are needed as trains become faster, British Rail will want to hear the Government's response to requests for increased electrification and more advanced passenger trains before deciding on the number of new sleeping-cars to build.

● Sir Peter Parker, British Rail chairman, writing in the National Coal Board magazine "Coal and Energy Quarterly" published today calls on the Government to examine the possibility of using North Sea oil revenue to launch a massive 3,000-mile electrification programme over the next 20 years.

Sir Peter says such a programme is vital to the nation's future and argues that despite the early high cost energy shortage will make the sums "look different."

Elsewhere in the article, which concentrates on rail freight, Sir Peter says the performance of BR in the freight transport sector is very vulnerable because 90 per cent of freight tonnage comes from the five basic industries of coal, iron, steel, petroleum and construction materials.

He warns that the current problems of the steel industry "have inevitable consequences" on rail freight and that any further reduction in steel transportation could have a significant impact on the economies of rail transport. Last year's 170m tonnes of rail freight was the lowest figure this century, he says.

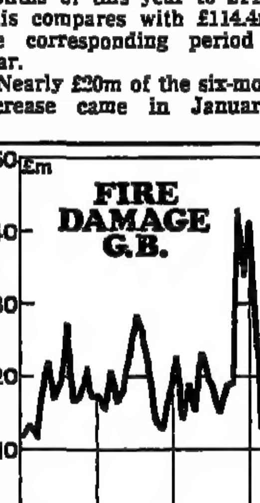
Fire costs still rising steadily

By Eric Short

FIRE DAMAGE costs in Britain are still rising steadily, according to figures issued yesterday by the *British Insurance Association.*

The estimated cost in June rose by more than £3m to £25.9m —the third successive monthly increase—bringing the total fire damage cost during the first six months of this year to £146.7m. This compares with £114.4m in the corresponding period last year.

Nearly £20m of the six-months' increase came in January, a



month affected by the firemen's strike.

There were several big fires during June. One, involving several premises in an industrial area of the North West, resulted in damage in excess of £6m. Another fire at a manufacturer of plastic covered cable in the same region cost nearly £2m, while a third at a building contractors in Greater London caused damage of £1½m.

Overall, there were 13 fires with damage in excess of £250,000 during the month and a further 54 fires where damage cost at least £35,000. Included in the latter were 25 fires in places used by the public such as cinemas, schools, shops, social clubs and theatres.

£1,000 award for journalist

By Jason Crisp

THE £1,000 award for Management Journalist of the Year, 1977, was presented last night to Mr Rodney Cowton who, until May this year, was management and features editor of The Times Business News.

Higher oil tax would offer 'negligible' gain

BY RAY DAFTER, ENERGY CORRESPONDENT

GOVERNMENT PROPOSALS to increase North Sea oil tax may result in only a negligible benefit to the Exchequer according to a study conducted for the Trade Policy Research Centre.

Professor Colin Robinson of Surrey University, co-author of a report on North Sea oil policies, yesterday urged that Petroleum Revenue Tax should be scrapped. The tax was so complicated, he said, that its effect could be analysed only by computer.

Such analysis, undertaken by Prof. Robinson and his co-author, Dr. Jon Morgan, showed that the Government's reported plan to increase the basic rate of the tax from 45 per cent to nearer 60 per cent would make very little difference to the amount of revenue collected.

The tax incorporated a number of allowances, and only by changing the conditions of the tax could a substantially greater amount be collected from oil companies.

Concessions

It is expected that the Treasury and the Department of Energy will announce proposed changes in Petroleum Revenue Tax early next week. Apart from increasing the basic rate, the Government might well endeavour to reduce the effect of concessions.

The authors argue that Government control in the North Sea should be reduced. "It is not obvious that the regulatory system has arisen from public demand or from economic logic," says the report.

It concludes that "better results are likely to flow from a system of diffused power which channels personal self-interests in desirable directions rather than from a system of central direction which concentrates power in the hands of a few people who can plead pursuit of the national interest for any of their actions."

Instead of petroleum revenue tax, the authors call for the return of auctioned licences. They want the rate of oil extraction to be determined more by market forces than by Government-directed depletion controls.

And they want British Gas Corporation's position as a monopoly buyer to be halted. Gas producers should be free to sell gas to industrial users or even to Continental consumers, Prof. Robinson said yesterday. This would make British Gas more competitive.

The study does not evaluate the extent to which a free market environment would bring greater benefits to the Exchequer and the trade balance than existing Government policies.

It is critical of the Government for failing to publicise the degree of uncertainty surrounding balance of payments predictions.

Prof. Robinson and Dr. Morgan say that the benefit of the North Sea to the current and long-term capital account in 1985 might be between £6bn and £15bn. The exact amount would depend on oil output and crude price movements.

North Sea Oil in the Future; Macmillan for the Trade Policy Research Centre, 1, Gough Square, Fleet Street, London EC4A 3DE; £10 hard cover, £4.95 paperback.

New company to produce twin-engined aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN Isle of Wight aircraft company, Aircraft Designs (Bembridge) has been formed to undertake the development and prototype production of a small twin-engined aircraft, called the Sheriff.

Chairman of Aircraft Designs (Bembridge) is Mr. Robin Britten, brother of the late Mr. John Britten, who began the design of the Sheriff.

The company will use several technical staff now also employed by Britten-Norman (Bembridge), the Isle of Wight company which builds the Islander and Trislander light aircraft, but which has no connection with the new organisation.

Aircraft Designs (Bembridge) hopes to complete the manufacture of the prototype Sheriff in about a year from now, and then to offer other countries the chance of building the aircraft under licence.

To complete prototype manufacture, the company is seeking an injection of £150,000 capital to supplement £100,000 already raised by Mr. Robin Britten, his family and friends.

Call to counteract Arab boycott

BY MAURICE SAMUELSON

PRESSURE for legislation and other measures to counteract the Arab boycott in Britain will continue regardless of the short-term fate of a Bill now before a Lords select committee, say the authors of a book on the history of the boycott to be published next Monday.

Mr. Terence Prittie and Mr. Walter Nelson were commenting on the *Foreign Boycotts Bill,* sponsored by Lord Byers, the Liberal peer. Yesterday, the committee, headed by Lord Redcliffe-Maud, was working on its draft report, which is due to be published towards the end of next month.

The American edition of the book, "The Economic War Against the Jews," was part of the evidence considered by the committee, and its authors, who act as advisers to the Anglo-Israel Chamber of Commerce, were among its first witnesses.

Among administrative measures favoured by Prittie and Nelson are a change in the guidance which the Department of Trade gives regarding the boycott. Although the Government has frequently deplored the boycott, it has left individual companies to deal with it "on the basis of their own commercial judgment."

In future, they suggest, the Department should advise companies to be guided by the Government's unequivocal condemnation. In addition, British overseas missions should no longer act as "conscious agents" of the boycott by disseminating business opportunities containing boycott requests. The Foreign Office, too, should stop authenticating "negative certificates of origin" required by some Arab states.

They also want companies which discriminate against other British companies in furtherance of a foreign boycott to be deprived of official facilities on the grounds that they are acting in restraint of trade and engage in unfair competitive practices.

White Paper on Broadcasting

New authority will run fourth television channel

FINANCIAL TIMES REPORTER

A FOURTH television channel run by a new Open Broadcasting Authority; an immediate start on more IBA and BBC local radio stations; an additional line of middle management control of the BBC by boards half of whose members might be appointed by the Home Secretary; and the extension of Independent Broadcasting Authority supervision to cable television. These are the main recommendations of the White Paper on Broadcasting published yesterday.

The Government's principal conclusion is that broadcasting services should continue to be provided as public services and should continue to be the responsibility of public authorities. The concepts of the broadcasting authority and of public service broadcasting have stood the test of time. They should form the foundation for the future.

The Government accepts the four requisites for good broadcasting identified by the Annan Committee—flexibility, diversity, editorial independence and public accountability.

The White Paper says that a unique opportunity will be missed if the fourth channel is not used to explore the possibilities of programmes which say something new in new ways. The aim will be to widen the choice available to viewers by providing programmes which are interesting and worthwhile in their own right but are not intended to compete with programmes on the existing channels for mass audiences.

The talent exists in this country to respond to the challenge which this opportunity offers. The Government shares the Annan Committee's view that the service should include educational *programmes,* including some additional programmes for the Open University, and also programmes which cater for minority tastes and interests, particularly those which are not adequately catered for on the existing three television services.

The fourth channel will also provide a significant new outlet for programmes which reflect the diversity of cultures in this country, including the cultures of the ethnic minorities and of newcomers to this country. It will be important to ensure that some of the educational and minority interest programmes on the fourth channel are broadcast at peak viewing times.

It is also desirable that the fourth channel should develop a distinctive news service, although news gathering is an expensive operation and the Government recognises that at any rate in the shorter term the channel will need to look to existing sources for its news *service.*

The Government agrees with the Annan Committee that a different kind of service requires a new authority. Its forthcoming broadcasting legislation will therefore contain proposals for the establishment of an Open Broadcasting Authority (OBA). It will be the new Authority's function to provide and supervise a television service of high quality which informs, educates and entertains, and also fulfils the objectives outlined in the preceding paragraphs—that is, a service in which priority is given to: educational programmes; programmes catering particularly for tastes and interests which are not adequately catered for on the existing three services; and programmes produced outside the existing broadcasting organisations.

It will be the Authority's duty to commission, purchase or otherwise acquire programmes for the fourth channel service, and to exercise overall supervision of the service as a public service conducted in the public interest. It will not itself make programmes; nor will it engineer the channel or transmit the service. This means that the OBA will need only a relatively small organisation.

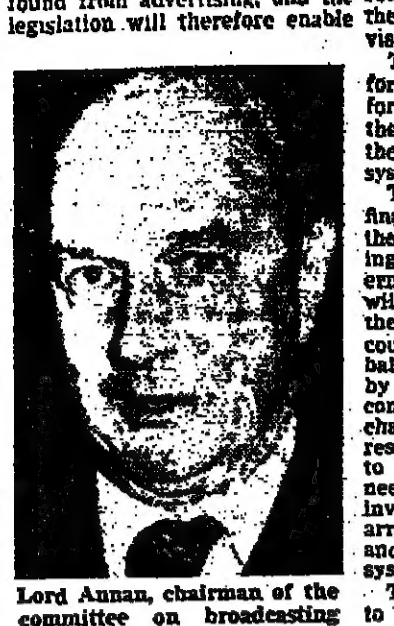
The OBA will have a special obligation to seek programmes from a wide variety of sources and to provide programmes which cater for minority tastes and interests. It would be inconsistent, therefore, to require the Authority (as the BBC and the IBA are required) to secure a "proper balance" in terms of channel service and for its own administrative purposes.

The OBA will necessarily incur expenditure (e.g. on commissioning programmes) before the service comes on the air and before receipts (e.g. from sales of advertising time) come in. Provision for general financial assistance to the OBA will therefore be included in the Government's forthcoming legislation. For some special programmes (e.g. some educational, including Open University, programmes) the requirement for Government assistance will continue.

However, as the fourth channel service becomes an established part of broadcasting in this country and gains a regular following among viewers, the Government will expect the OBA to look to advertising revenues of various kinds to provide, directly and indirectly, an important and increasing source of finance for its other operations. The financial position of the OBA will therefore be kept under review as the service develops.

Sponsorship might produce, either directly or indirectly, a source of finance for the channel: commercial and industrial concerns may be prepared, in return for having their names associated with particular productions, to pay some share of the cost of those productions. Block advertising (i.e. advertisements in breaks of perhaps 10 or 15 minutes) may also generate some revenue.

It seems unlikely, however, that sponsorship and block advertising by themselves could provide a substantial part of the finance which will have to be found from advertising, and the legislation will therefore enable



Lord Annan, chairman of the committee on broadcasting on which the White Paper is based.

not only these forms of advertising but also spot advertising (i.e. advertisements in breaks of only a couple of minutes) to be sold on the fourth channel.

It will be for the OBA, taking account of the financial resources available to it, to make its own arrangements for the supply of programmes and for the sale of advertising time, and the Government proposes that the legislation should give it considerable flexibility in these matters. Thus the legislation will enable the OBA to make contracts for the supply of programmes suitable for the fourth channel services and for the right to sell advertisements of particular kinds or at particular times on the channel.

The OBA will also be empowered to negotiate contracts under which, in return for the payment of a rental, its regular programme makers would have the right to sell advertising time during the programmes they supply and an understanding about how their programmes would be scheduled.

The OBA will be free to commission programmes from any source—ITV, the BBC or freelance. Its regular programme sources will, of course, include the existing independent television system.

The OBA will be responsible for deciding the arrangements for the allocation of time to, and the provision of programmes by, the independent television system.

These decisions will have financial consequences: so long, therefore, as the OBA is receiving or is liable to need a Government grant, the Government will need to be consulted about them. Because the decisions could also affect the quality and balance of programmes provided by the independent television companies for the existing ITV channel, for which the IBA is responsible, the OBA will need to consult the IBA about the need for, and the extent of, the involvement of the IBA in the arrangements between the OBA and the independent television system.

There will in any case need to be discussions about the question of scheduling and the OBA may wish to consider with the IBA the possibility of some complementary scheduling between the ITV channel and the fourth channel. These organisational and operational matters will need to be considered further, taking account of comments received on this White Paper.

The IBA estimates that to provide a network of transmitters for the fourth channel with a population coverage of 80 per cent of the population in each of the existing ITV franchise areas would cost some £14.5m (at current prices) over four and a half years.

The aim will be, however (as for the existing UHF television services), to extend the coverage to just over 99 per cent of the population of the UK. This would cost an additional £13.5m and take a further four and a half years.

More local radio stations

ON RADIO policy, as an immediate start, the Government proposes to authorise the IBA and the BBC each to establish a number of additional local radio stations, taking account of the factors listed in the preceding paragraph. The locations of these stations will be discussed urgently in a working party under Home Office chairmanship, on which the BBC and the IBA will be represented.

Once decisions about the location of BBC and independent local radio stations have been reached, it will be for the BBC and the IBA to expand their services in accordance with them. For the IBA, this will mean inviting applications for franchises. The procedure for awarding a new local radio franchise will include a public hearing.

The rate at which BBC and independent local radio will be able to expand will depend largely on the availability of finance. It will be for the BBC to decide for itself, having regard to the money available to it from time to time out of the licence fee revenue, what priority to accord to the expansion of its local radio services.

Independent local radio stations will continue to be financed principally by spot advertising. However, this method, which has demonstrated its viability in the larger urban areas, is unlikely to be adequate for stations in the more remote, rural areas, partly because transmission costs are likely to be relatively high in these areas and partly because advertising revenue is likely to be relatively low corresponding with the relatively small populations which such stations would serve.

This raises the question how independent local radio can (as it is desirable it should) be brought to these areas. Among the Annan Committee's ideas were that a profitable station might be required to provide an affiliate service in a contiguous area; and that there might be some cross-subsidisation through the rental system.

Some element of cross-subsidisation through the IBA's system of primary and secondary rentals will play an important part in the expansion of independent local radio. The White Paper talks of experiments in other ways of financing smaller localities. For profitable stations the prospect of a new Levy is raised.

BBC governors should be less involved in detailed management

WITH PARTICULAR reference to the BBC the Paper says the Government considers that the changes in the internal structure of the BBC are required to distance the Governors from detailed involvement in management so as to enable them to concentrate more on their supervisory and regulatory functions.

At the same time, while the essential unity of the BBC should be preserved, there would be advantage in a measure of decentralisation for each of the BBC's three services (television, radio and the external services).

The Governors will continue, therefore, to be the governing body of the BBC. They will have overall responsibility for securing compliance with the requirements constitutionally laid upon the BBC; they will be the guardians of the public interest in relation to programmes and management; they will continue to decide priorities—e.g. capital expenditure and use of frequencies assigned to the BBC—and allocate the Corporation's funds between the various services and various parts of the country; they will continue to decide the top staff appointments; and they will continue to speak for the organisation as a whole.

The Director-General, as Chief Executive, with the support of a committee of senior staff members, very much on the lines of the present Board of Management, will be responsible to the Board of Governors for the co-ordination of policy on matters affecting the BBC as a whole and the overall management of the Corporation.

The Government proposes, however, that there should be separate Service Management Boards for each of the three swices—a Television Service Management Board, a Radio Service Management Board, and an External Services Management Board.

By delegating to these Boards many of the management functions which now rest with them, the Board of Governors will be enabled to concentrate on their supervisory and public accountability role, a role which will give them a function and personality distinct from that of the Service Management Boards.

Each Service Management Board will be responsible to the Board of Governors collectively for supervising the programme strategy and management of its service. News gathering, engineering, personnel management and finance will continue to be provided as common services, but the new arrangement will bring about the conditions for greater diversity between services as regards programme making and the approach to news and current affairs.

The Annan Committee recommended that a new Telecommunications Advisory Committee should be established to advise the Government on the prospects for, and implications of, technical developments for all telecommunications, including broadcasting.

They envisaged that the committee would subsume the functions formerly carried out by the Television Advisory Committee.

The Government considers, however, that a remit covering the whole field of telecommunications would be much too wide for a single body, and that, in any event, broadcasting, which possesses the unique quality of addressing simultaneously the greater part of the population in their 20m homes, is too important to be treated simply as one facet of telecommunications.

However, the Government believes that it should have an independent source of advice on the implications of technological developments for broadcasting, and the Home Secretary will therefore establish a Broadcasting Technical Advisory Committee.

As the Annan Committee observed, the Government's power of veto is the one which poses the greatest threat to the independence of the broadcasting authorities. It has not been used to prevent a particular programme or series of programmes from being broadcast, though it has been used on five occasions to prevent the authorities from broadcasting particular classes of programme.

Successive committees which have considered the matter have concluded that the power of veto should be retained, and the Annan Committee believed that the existence of the power gave the broadcasters greater security from undue pressure than they would have if it were removed.

The Government agrees but considers that any exercise of the power should be open to public scrutiny.

As far as violence is concerned the Government is in no doubt that the only safe course is for the broadcasting authorities to assume undesirable effects unless convincing evidence to the contrary emerges. This means that the authorities must be cautious in broadcasting programmes, particularly programmes in which violence is portrayed, if these might have effects on susceptible people, especially young people and children.

The BBC and the IBA are alert to the dangers, but the Government believes that they should both review their codes and guidance on the portrayal of violence in the light of the comments made in this White Paper, and should then publish these, if possible with their next annual reports.

The Annan Committee recommended that party political broadcasts need not be transmitted simultaneously on all television channels except during General Election campaigns, and that local radio stations should reflect the political life of their localities by carrying some party political broadcasts.

The Annan Committee recommended that the BBC should be relieved of its obligation to broadcast Ministerial statements on non-controversial issues. The Government does not accept this recommendation.

Like the Annan Committee, the Government has reached the conclusion that the BBC should continue to be financed principally from the revenue of the broadcast receiving licence.

The Government inclines to the view that a newspaper company should not normally be represented on the Board of an ITV or ILR company in which it has a shareholding.

As a basis for further discussion it proposes that joint directorships might be prohibited except where the IBA is of the opinion that there are special circumstances which warrant the representation of a shareholding newspaper company on the Board of an ITV or ILR company.

White Paper on Broadcasting. HMSO, Cmnd 7294, price £1.25.

Welsh language service

ON WELSH language broadcasting the White Paper says existing broadcasting organisations have considerable experience of the special problems of broadcasting in Wales and are the only producers of substantial quantities of Walsh language programmes at the present time.

While it is possible that other sources of Welsh language programmes might in due course be found by the OBA, it has always been assumed that much the greater part of a regular Welsh language television service would need to be provided by the BBC and the ITV programme company for Wales.

For these reasons, the Government considers that it would not be appropriate to treat the Welsh language television service on the fourth channel as a service to be provided and supervised exclusively by the OBA: it should be treated as a national service for Wales to which all three broadcasting organisations will have an identifiable contribution to make.

Provision will therefore be made for the BBC and the IBA to provide the fourth channel service with a given number of hours of Welsh language programmes which will stimulate and maintain interest in the language as well as for the OBA to provide programmes in the Welsh language which it will have commissioned.

LABOUR NEWS

Peace talks break down at Chrysler

BY PHILIP BASSETT, LABOUR STAFF

TALKS TO try to settle a dispute at Chrysler's Linwood plant, which were held yesterday in London between Ministers, management and national union officials against a background of doubts over the future of Chrysler's operation in the UK, broke down last night.

Ministers were disappointed that their initiative to bring the two sides together had failed to produce a formula for settlement. Further talks, again involving Ministers, will be held tomorrow.

Mr. Eric Varley, Secretary of State for Industry, Mr. Harold Walker, Minister of State for Employment, and Mr. Bruce Millan, Secretary of State for Scotland, met Chrysler management and national union officials and Linwood shop stewards separately yesterday. A further attempt by Ministers was made to reach a settlement after a day of talks between the two sides had not reached an agreement.

Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, said after the meeting that the talks had been very difficult. "We have at this stage not made sufficient progress to say that we are optimistic."

He said closure of the Linwood plant had not been specifically discussed in the talks, but that in discussions on Chrysler or BL that possibility was always present. Profit levels had to be taken into account, and it was profit levels that would determine whether or not Chrysler stayed in Britain.

There can be little doubt that the strike at Linwood and at Ryton earlier this month have put Chrysler UK back into the red after a profitable first quarter of this year. The company's reported profit target of £2m for the current year will be more difficult to achieve.

Mr. Millan said the failure of the talks was a "disappointment." Ministers had expressed "serious concern" about the problems at Linwood. Both sides had strong feelings on the dispute, but both expressed their willingness to carry on with discussions.

Ministers had made themselves available for more talks last night, but Mr. Millan said after the meeting broke up that no further progress could have been made yesterday.

The dispute at the Linwood plant, which began at the start of this month, centres on management attempts to speed up production by new proposals for determining temperatures in hot areas of the paintshop.

Some 550 paintshop workers are resisting attempts to change their system of rest breaks in the hut areas.

More than 4,000 Linwood workers have been laid off, and production at the plant cannot resume until at least mid-August at the end of the factory's three-week annual holiday.

NPA leader sees Booth

BY ALAN PIKE, LABOUR CORRESPONDENT

SIR RICHARD MARSH, chairman of the Newspaper Publishers Association, met Mr. Albert Booth, Employment Secretary, yesterday to discuss the journalists' dispute which has prevented publication of the Sun newspaper so far this week.

The NPA later said that Mr. Booth had told Sir Richard that Department of Employment officials would be available to advise on the validity of any productivity proposals in the context of Government policy.

Sun journalists are in dispute over their annual pay agreement, which includes a productivity claim.

The council of the NPA met yesterday evening and was told that the TUC printing industries committee would try its best to resolve the dispute.

Earlier yesterday Sir Richard had asked Mr. Bill Keys, chairman of the committee, for a formal meeting and it is possible that this will take place today.

Sir Richard said the NPA would be asking the committee to apply "some sense of urgency to the problem."

NPA representatives met officials of the National Union of Journalists on Tuesday night and asked for assurances that the union was prepared to honour the disputes procedure. The union, however, has replied that a response must await a meeting of its executive tomorrow.

"I cannot believe that it is in the interests of the union to sit back until the weekend while a major newspaper is bleeding to death and clearly having to begin to think how long it can go on incurring these costs," said Sir Richard.

Services of the Press Association national newsagency are likely to become increasingly disrupted by a decision by NUJ members to step up action in support of a pay claim.

Working days lost by strikes down by 18% this year

BY OUR LABOUR STAFF

THE NUMBER of working days lost by strikes in the first half of this year fell by more than 18 per cent compared with the first six months of 1977, according to the latest figures from the Department of Employment.

During the same two periods, the fall in the number of actual stoppages was slightly lower at 1,139 between January and June this year compared with 1,358 previously.

The strike figure for last month alone at 139 was well down on the June 1977 figure of 170 and also compared with 191 stoppages in May this year and 206 in April.

The pattern was similar for the number of working days lost with a total 421,000 recorded for June this year against 514,000 in the same month of last year. This also compares with 482,000 last May and 592,000 in April.

In the current climate of wage restraint, pay issues remained the leading cause of stoppages in June. The Department of Employment Gazette published yesterday showed 62 stoppages over wage rates and earnings levels and another eight over extra wage and fringe benefits.

Industrial action over manning and work allocation was responsible for 23 of the stoppages, dismissal and other disciplinary measures for 19 and working conditions and supervision for 14. Trade union matters caused another ten but there were only two strikes over redundancy questions.

For the whole six month period, the number of workers involved in stoppages fell by less than 3 per cent to 462,300 compared with the same period last year.

In June the number was estimated at 82,500 of which 59,100 were involved in stoppages which began in June and 23,400 in stoppages carried over from the previous month.

Engineering

Among main stoppages during last month, the Gazette draws attention to an eight-week strike by 280 finishers at a Belfast tyre plant ended on June 15. This led to 2,000 layoffs in the dispute over a shop steward being dismissed for allegedly damaging company property.

It also mentions a walkout by 80 transport delivery drivers on June 8 which resulted in 6,000 other workers being eventually laid off and the stoppage caused by a blastfurnacemen's dispute at a British Steel Corporation plant in South Wales. About 4,700 steel workers were laid off during the dispute.

The engineering industry suffered from the most number of strikes in the first six months, with coal mining coming a close second. The figures were 181 and 161 respectively compared with 228 and 124 in the same period of 1977.

There were 91 stoppages in the motor industry compared with 100 previously and 99 in construction compared with 158.

'Disturbing' apathy about inequality, says report

BY OUR LABOUR STAFF

MOST EMPLOYERS appear to be complying with the provisions of the Equal Pay Act but legislation has done little to influence traditional attitudes towards women and work.

In some cases, these attitudes include the intention to continue discriminating against women.

These are the findings of a recent independent study of 26 organisations by a team from the London School of Economics. Its results were published yesterday in the latest Department of Employment Gazette.

Mr. John Grant, Employment Under-Secretary, called for "a great deal more work" on the problem, and commented that there was a "disturbing" degree of complacency about inequality.

The research describes how employers have implemented equal pay, and their response, from 1974 to 1977, to the Sex Discrimination Act.

The team found that most employers, had carried out the provisions of the equal pay legislation for most of their employees, although 15 of the organisations had groups of women who fell outside its scope.

A considerable narrowing of differentials between the basic rates of pay for men and women was indicated but women were more likely to be paid an appropriate rate where job evaluation was used and where they were supported by trade union pressure.

Most of the organisations seemed to have stopped overt discrimination, such as in recruitment and advertisements, but the effects of the Act were found to be limited. Few changes were seen in employers' personnel practices and in the kinds of jobs done by men and women.

"There was widespread acceptance of job segregation in manual jobs and strong views on the suitability of certain jobs for men (those involving lifting or mechanical tasks) and for women (those involving dexterity or monotonous work.)"

Men seemed to believe that women should not be asked to do dirty, heavy or potentially dangerous work. It was also often assumed that women did not want responsibility or a career, though some women in every organisation said they wanted more responsibility or wider opportunities.

The outlook for increased opportunities for women seemed poor. The report said that in most organisations, line managers or supervisors had the final say on selecting staff.

"Given the attitudes expressed by many of them, their still-low appreciation of what constitutes discrimination and the fact that a personnel department's role is often only advisory, both intentional and unintentional discrimination seems likely to occur in the future."

YMCA scheme approved

A NEW £1m training scheme to help unemployed school-leavers in the Greater Manchester, Merseyside and Cheshire areas has been approved by the Manpower Services Commission.

The scheme, organised by the north-west region of the Young Men's Christian Association and supported by Government money, will give 540 young people between 16 and 18 a year's experience of industrial and community service jobs.

The scheme, expected to start on October 1, will be the first large-scale integrated project to be set up under the Government's Youth Opportunities Programme.

Participants will be paid £19.70 a week, and it is hoped the scheme will lead to national YMCA involvement.

Liverpool docks halted again

THE PORT of Liverpool was halted again, yesterday only 24 hours after it had reopened following a four-day unofficial strike by 300 lock gate men. Ancillary workers, tugmen, dig men and shore gangs held a meeting in the city's boxing stadium.

The dispute is over the blacking of a freighter and a claim for extra bonus for date-stamping imported butter.

Industrial tribunal changes

THE GOVERNMENT yesterday announced changes in industrial tribunal procedures which it hopes to introduce from August 21.

The changes, introduced in the light of experience, will give tribunals powers similar to county courts to authorise a party to a hearing to take copies of documents held by the other party.

Tribunals will be able to ask for more details from applicants or repsondents before a hearing and in future parties will be asked to set out fuller details of their cases before hearings. It will also be possible for tribunals to dismiss cases when applicants fail to attend without explanation.

PARLIAMENT AND POLITICS

MPs insist on Scots power to recruit

BY IVOR OWEN, PARLIAMENTARY STAFF

THE LATEST and probably final session of constitutional "ping pong" between the Lords and Commons over the Scotland Bill opened last night with the Government urging MPs to insist that when the Scottish Executive is established it has a free hand in recruiting civil servants.

By a majority of 33, 301-268, MPs rejected a Lords amendment designed to give Whitehall ultimate power to decide the size of the initial service establishment for each of the new Scottish Departments set up in Edinburgh.

Mr. Harry Ewing, Scottish Office Minister of State maintained that to make the Minister for the Civil Service responsible for the overall size of the Civil Service recruited for the new devolved regime would be equivalent to placing Ministers in the Scottish Executive in a "straitjacket."

The Minister argued that the Lords amendment — in similar terms to one rejected by the Commons by a nine majority earlier in the month — carried with it the implication that there was a desire at Westminster to frustrate the policies of the devolved administration.

Whitehall had no control over the number of local government staff recruited in Scotland and to impose such control in the case of the Scottish Executive would almost certainly cause resentment.

Mr. Ewing contended that the fact that over-recruitment of Civil Servants would eat into the money available to the Scottish Executive to provide other services was in itself a sufficient safeguard to ensure that staff numbers in the Scottish Departments were kept at justifiable levels.

He also pointed out that the House of Lords had already agreed not to persist with a similar amendment which it had sought to include in the Wales Bill.

Mr. Leon Brittan, a Conservative spokesman on devolution, argued that the Lords had been right to return the issue to the Commons because the similar amendment defeated earlier by nine votes had never been discussed by MPs because of the operation of the guillotine.

At issue was the crucial relationship between the civil servants in Edinburgh and London and the relationship between the two Governments in Edinburgh and London. The Opposition believed that the relationship between the two Governments had never been thought out fully and properly.

Mr. Brittan questioned whether the Government's proposal that the Civil Service needs of the Scottish Executive should be met from the ranks of the home Civil Service would prove workable in practice.

He suggested that conflicts of loyalty might arise in cases where civil servants from the same central source had to serve a government in Edinburgh "locked in conflict with the UK Government."

If the Minister for the Civil Service had ultimate control over Civil Service appointments in Edinburgh it would be possible to prevent arrangements being made by the Scottish Executive which might have damaging implications for the home Civil Service as a whole.

● Scottish Conservative and Nationalist MPs called on Mr. Merlyn Rees, Home Secretary, to give first priority to providing television and radio services to those parts of the country which still cannot get them.

In the Commons earlier, Mr. George Reid (SNP, Stirling E. and Clackmannan) said this should be given priority over the fourth channel.

Mr. Rees said he recognised the problem, but increased use of UHF should go some way to help. Later, Mr. Reid, a former television journalist, gave the White Paper a "general welcome."

Mr. Reid welcomed especially the proposed increase in Gaelic coverage, particularly for children, and called for a local radio station for Stornoway on the island of Lewis. But he called for the Scottish Assembly to have more say over broadcasting in Scotland.

Scottish Tories had a special meeting on the White Paper and unanimously opposed the plan for a fourth channel.

They said the BBC did not yet provide a fully adequate service for rural areas in Scotland because of shortage of money and in this circumstance it was wrong to give taxpayers' money to a fourth channel.

Mr. Teddy Taylor, Shadow Scottish Secretary, said after the meeting: "We took the view that the right decision would have been to allocate the channel to the IBA and the independent companies who have the resources to provide a service to the public at no extra cost to the taxpayer.

Whitelaw objects to White Paper on broadcasting

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONSERVATIVES made it clear in the Commons yesterday that they have major objections to the Government's proposals for implementing the recommendations of the White Paper on broadcasting.

Mr. Merlyn Rees, Home Secretary, announcing the Government's intentions, promised early legislation to set up an Open Broadcasting Authority (OBA) to run a fourth television channel. This would be free to commission programmes from any source and would be financed by advertising, in addition to receiving Government support.

Another major proposal was for the introduction of outside people to help supervise the programme strategy of each of the BBC's main divisions—TV, radio, and external services. Half of the members of these three new service management boards would be independent people appointed by the Home Secretary.

According to Mr. Rees, the proposals would "provide a structure for the next decade, which, in the public interest, will accommodate technological change an dencourge all that is best in our present system."

The Conservatives' reservations, voiced by Mr. William Whitelaw, shadow Home Secretary and deputy leader of his party, are of particular relevance as, with the possibility of an October election, a Tory Government might have to carry out the changes. With only a few days of the present session left, any Government legislation would have to wait till the autumn.

Mr. Whitelaw made it clear that the Opposition considered that the OBA would be a waste of public money. They believe that the fourth channel should be administered by the existing Independent Broadcasting Authority (IBA) with a separate programme planning Board on which the existing ITV companies would have a majority.

"The plans as outlined would place a totaly unnecessary burden on the taxpayer," he complained.

An Open Broadcasting Authority would mean a "deliberate increase in public expenditure, a new bureaucracy and a direct financial contribution from the Government." If the fourth channel was under the existing IBA, there would be no extra cost to the taxpayer.

The Opposition was also "very dubious" about the proposals for restructuring the BBC. While accepting some of the Annan Committee's criticism of the bureaucracy and lack of control in the BBC, he thought that these were matters which could be solved internally.

The new boards would mean an increase in bureaucracy and a proliferation of "quangos," the quasi-autonomous non-Governmental organisations which have come in for criticism for providing jobs for trade union leaders and others connected with the Labour Party.

Mr. Whitelaw was worried about how this would affect the independence of the BBC, and was particularly alarmed at the suggestion that half the board members should be appointed by the Home Secretary.

In a reply which evaded the main objections put forward by Mr. Whitelaw, Mr. Rees said that the Government had every reason to be concerned about bureaucracy, as it had always spawned under previous Conservative administrations.

Mr. David Steel, the Liberal leader, was worried about the increase in Ministerial patronage which would result from the reorganisation of the BBC. He said that Ministers were already responsible for over 100 appointments connected with broadcasting and wanted to know how many new "quangos" would be created.

Immediately after the exchanges, Mr. Archie Hamilton (C., Epsom and Ewell) was given leave to bring a Bill for the setting-up of another 21 local radio stations. But, in fact, the Bill has no opportunity of becoming law.

LABOUR PLANS ITS ELECTION MANIFESTO

Callaghan wants good family reading

BY RUPERT CORNWELL

"ERIC, you'll have to choose whether to support the Labour party with me or without me," the Prime Minister is said to have remarked at one point during the meeting of the Labour/TUC Liaison Committee earlier this week. Eric was, of course, Mr. Eric Heffer, Tribunite member of the National Executive Committee and one of the handful of genuinely effective Left-wingers on the Government benches in the Commons.

Mr. Heffer's reply(and indeed whether Mr. Callaghan followed up his observation with the almost traditional muttered threat about the possibility of an early retirement to the pleasures of his Sussex farm) is unrecorded. But the exchange neatly sums up the state of play within the Labour party, as it goes through its ritual military manoeuvres before an election over the contents of the Manifesto.

Mr. Callaghan is determined to ensure that the document will scare no one. And such is his ascendancy over the Parliamentary party, and such is the awareness that his personal appeal offers Labour its best (if not only) chance of winning in October, that the fatalism of the Left that he will have his way is easy to understand. Even more easy, of course, for anyone who watched last week's television interview with the Prime Minister — and saw how he purred with pleasure at being described as Britain's best Conservative leader, a throwback to Stanley Baldwin in the 1930s.

One may of course wonder what all the fuss is about, and why policy documents have been flowing thick and fast from the NEC on subjects as varied as national defence and foxhunting. Manifestos, after all, are rarely read by the general public (who actually do most of the voting); but by Ministers, committed activists, journalists and, of course, civil servants, who do have to have some idea of what the other lot will do if it gets in.

But for Labour—and above all its Left-wing—the well-rehearsed skirmishes are of special importance. For them the manifesto ought to be the statement of a perfect world against which the dealings of Labour in office should be measured, as it fights to avoid the inevitable drift towards the centre. Experi-

Even the mechanics of the process play into Mr. Callaghan's hands. A number of working parties, jointly set up by the Cabinet and the NEC, are currently sifting through possible candidates for inclusion in various parts of the programme. But the Manifesto is settled only by the full Cabinet and the Executive, at their traditional "Clause Five" joint session. The Left may hold a slight edge on the NEC, but is clearly outnumbered when the two groups are combined.

Settled

Nor is that all. Mr. Geoff Bish, the Left-leaning head of research at Transport House may produce his draft for the meeting. But the prospect is that the Prime Minister will have another prepared by his staff at No. 10. There are no prizes for guessing which will have the better chance. "It's Jim's choice," said one Cabinet Minister the other day, "and it always has been."

Even so, there are some fascinating points still to be resolved. The Left may be at a low ebb, and discussion of economic policy—obviously the central consideration—may have been pre-empted by the pay White Paper. But a tussle is likely over the Common Market, as the anti-EEC faction presses to have the terms of Mr. Callaghan's peacemaking letter to the NEC last autumn enshrined in the Manifesto, promising tough safeguards on national sovereignty. Some would go further and attempt to secure a commitment to amend the original 1972 European Communities Act in that direction.

Defence is another snag: what to do about the neutron bomb, and the old chestnut of whether military spending should be reduced to a proportion of GNP comparable to that in other EEC countries.

Perhaps most interesting, though, is what the Manifesto will say about reform of the "Machinery of Government," to borrow the title of the Labour working group that has long been looking at that compendious problem. Even Mr. Callaghan will have to make some concessions to the Left, and many of the group's proposals are supported by other sections of the party. One possible sop might be inclusion of the recommendation for the abolition of the Lords; another might be a pledge to look at the Committee system of the Commons, another to do something about Civil Service reform.

The trouble is that none of this amounts to red meat to be thrown to socialist activists, in a campaign that already threatens to draw most of its interest from personalities and not policies. But in the back of every Labour MP's mind is 1970, which in many respects shows disturbing similarities with 1978—when the party fought a complacent toothless battle, and lost.

For this reason (and to liven up what threatens to be a pretty dull document) some leading moderates are urging that the Manifesto should dwell on the menace of the Tory alternative, personified by Mrs. Thatcher. Indeed if the Commons debate last Tuesday is anything to go by, the Prime Minister is already doing just that.

Others want a big pitch for the youth vote, a field where the Conservatives must make up lost ground, by stressing such things as the environment, animal care (bloodsports?) and so on. But none of this is the stuff of political crusade and it really does look as though Mr. Callaghan's Manifesto will be good family reading. But as for Mr. Michael Foot's promise of "another 10 or 15 years of exciting politics if you have the nerve and courage to stay with us," that's another matter.

Jimmy Reid cleared to stand at Dundee

BY RUPERT CORNWELL, LOBBY STAFF

IN SPITE OF further protests from moderates, Labour's National Executive Committee yesterday approved the selection of former Communist Mr. Jimmy Reid to be the party's Dundee East candidate in the forthcoming General Election.

Critics of the choice, led by Mrs. Shirley Williams, Education Secretary, argued once more that although they were delighted that the Upper Clyde Shipbuilders leader had joined Labour, the informal "two-year rule" should still apply.

This is the stipulation, which may now be included in party rules, that anyone joining the Labour Party should wait two years before being picked as a candidate for a Parliamentary election. However, a move to block the endorsement of Mr. Reid was defeated by 14 votes to six.

The news was less good, however, for Mrs. Maureen Colquhoun, the embattled Labour MP for Northampton North, who has already survived on a technicality one attempt by the constituency to oust her from the highly marginal seat.

After a report from Mr. Reg Underhill, the National Agent who has attended preliminary meetings in Northampton, the local party has been given the go-ahead to restart the process, in time to pick a new candidate for the General Election.

Meanwhile, the Executive as expected ratified the recommendation of the Organisation Committee that no sitting MP after the General Election could be approved as a candidate for the directly elected European Assembly. This in effect rules out the "dual mandate" for Labour MPs.

Foxhunting ban sought by Labour

By Rupert Cornwell

A BAN on foxhunting and other bloodsports was approved yesterday as official Labour policy—but party leaders rejected a call for a commitment that their outlawing would be included in the next general election manifesto.

However, the exact fate of the proposal after yesterday's meeting of the policy-making National Executive meeting remains uncertain. Mr. Callaghan told the NEC that the future of the five sports—beagling, foxhunting, hare coursing and stag and deer hunting "would be considered later."

The Prime Minister warmly welcomed the decision not to tamper with angling and shooting, by far the most popular of such pursuits. "There is no case for banning them or for interfering with them," he said.

Bloodsports form a passage in a four-page document on a policy package on the care and treatment of animals, dealing with experiments on live animals, their transport and export, and endangered species; this will be unveiled in detail today.

Mr. Callaghan regretted at the NEC yesterday that the parts dealing with experiments on live animals inevitably would be overshadowed by the publicity given to the proposals on bloodsports, described in the document as "barbarous and cruel 'sports'," designed to give a sadistic thrill to human onlookers.

Bow Group seeks UK citizenship changes

BY MAURICE SAMUELSON

SWEEPING REFORMS involving abolition of Commonwealth citizenship are proposed today in a plan intended to help a future Conservative Government reform immigration procedures.

The plan, published by the Tory Bow Group, would replace the present categories of British subject and Commonwealth citizens by two new ones—citizen of the United Kingdom and national of the United Kingdom.

The former would denote the individual's domestic rights and duties regarding his own country; the latter would denote his standing for the purpose of international affairs.

Mr. Richard Plender, author of the scheme, says the changes are needed because, under the present laws, Parliament has difficulty in controlling immigration without excluding hundreds of thousands who possess this country's nationality.

Different criteria are applied to determine whether an individual can vote, serve in the armed forces or diplomatic service, and, for the purpose of immigration, the title "patrial" has been devised.

Calling for a clear distinction between nationality and citizenship, Mr. Plender, a barrister and law lecturer, argues that although the two generally coincide, they do not always do so. In the U.S., for example, one can be an American national without necessarily being a citizen.

An effect of the new plan would be to discourage plural nationality and citizenship much more forecfully than the UK does at present.

A UK citizen who became registered or naturalised as a citizen of another country, by his own voluntary act, would forfeit his old citizenship. Thus, an emigrant from Britain who takes Canadian citizenship would cease to be a UK citizen.

Defining a Nation—The Need for a New Nationality, by Richard Plender; Bow Publications, 240, High Holborn, London, WC1V 7DT; price 40p.

Rhodesia petrol report soon

THE GOVERNMENT expects to publish the Bingham Report on the supply of petroleum products to Rhodesia within the next month, Mr. Ted Rowlands, Foreign Office Minister of State, told the Commons yesterday.

Mr. Rowlands rejected allegations by Mr. Andrew Faulds (Lab., Warley E) that the report was being delayed because it might implicate certain British oil companies or MPs.

Mr. Rowlands told him that the inquiry was being carried out urgently, "and we hope to have the report published within the next month.

Tories 'ill-informed' on embassy man–Minister

A MINISTER firmly denied in the Commons yesterday that Mr. Peter O'Keeffe, Chief Information Officer at the British Embassy in Washington, had been sacked.

Mr. Nicholas Ridley (C, Cirencester and Tewkesbury) claimed he had been dismissed and called for his reinstatement.

He said Mr. O'Keeffe had been sacked on the grounds of not putting out Labour Party propaganda. The Government wanted a "Dr. Goebbels rather than an O'Keeffe," he added.

Mr. Frank Judd, Foreign Office Minister of State accused Mr. Ridley of being singularly ill-informed.

"The officer was in no way sacked," he said. Mr. O'Keeffe had simply been moved, as often happened in overseas appointments.

Mr. Douglas Hurd, an Opposition foreign affairs spokesman, said proposals to impose Press censorship on bulletins from the embassy had been widely reported.

Mr. Judd replied that Mr. Hurd was also ill-informed and should not believe everything he read in the newspapers. "There is no question of censorship," he said.

Mr. Robert Adley (C., Christchurch and Lymington) declared: "Many people equally as well-informed as the Minister, take a different view of Mr. O'Keeffe's dismissal."

Mr. Adley said that when Mr. Peter Jay, Britain's ambassador to the United States and the son-in-law of the Prime Minister, finished the Round-Britain yacht race, he should be told there was widespread concern about the way Mr O'Keeffe's dismissal has been handled.

"Will the minister tell our ambassador in Washington that his behaviour is an abuse of his power, whomsoever his father-in-law may be?"

Mr. Judd told Mr. Adley he should get his facts right. There was no question of a dismissal.

Cost of state visit flagpoles

THE COST of putting up flag poles for the Romanian State visit earlier this year was £29,000, Mr. Ken Marks, Environment Under Secretary, said in a Commons written reply yesterday.

He said the poles had been erected and dismantled five times to date this year. But a study showed that the cost of permanent poles would not be significantly different.

There would be less flexibility and a loss of occasion if permanent poles were erected.

UK sea rights designated

AN ADDITIONAL 3,473 square kilometres of the Continental Shelf have been designated by a Government order as areas in which the UK's rights to the seabed and sub-soil and their natural resources are exercisable Dr. Dickson Mabon, Energy Minister of State told the Commons in a written reply.

The newly designated area is in the South western approaches and is now available to holders of petroleum exploration licences.

Plans to speed transport rules

PLANS TO speed up regulations covering transport of dangerous goods by road were outlined by Mr. William Rodgers, Transport Secretary, in a Commons written reply yesterday.

Mr. Rodgers said he had told the chairman of the Health and Safety Commission that he expected tanker labelling regulations to be produced "very quickly" and for them to be made law before the end of the year.

"I have again stressed the urgency of comprehensive regulations for the transport of dangerous goods including, in particular, the design of vehicles.

Labour-TUC team charts agreed path back to full employment

THE TUC-Labour Party liaison committee's document "Into the Eighties" was published yesterday. It provides the broad basis of an agreement between the unions and government and makes a substantial contribution to Labour's election manifesto:

The joint understandings and programmes worked out through the Liaison Committee over the last five years have made a significant contribution to the nation's economic recovery; and further development of this understanding will stand us in good stead as we move into the 1980s. We have come through a period of great economic difficulty during which it has been hard to maintain living standards and high levels of employment. But as we predicted in our 1976 statement "The Next Three Years and the Problem of Priorities," we have come through that period with our sense of common commitment intact. In this statement, our purpose is to build upon the understandings we have reached during the past few years and which have been set out in successive statements apprived by both Congress and Conference — in order to chart our way ahead into the 80s.

Progress in the economy

The need is to set ourselves a credible growth path to achieve a return to full employment — and this implies a rate of growth well above 3 per cent per annum in the years ahead.

Shorter working time, by such measures as a shorter working week, longer holidays, sabbaticals and early retirement could make a significant contribution at a time when technological change is making many jobs obsolete. But we recognise that it would be preferable if Britain could carry some of these measures in concert with our major industrial competitors. They could also be best achieved within the framework of a high productivity, high investment, high wage economy.

Training

The national employment and training services are vital in meeting our goal of employment expansion.

Industrial strategy, tripartite planning and industrial democracy.

We need a far bolder approach to limit the degree of import penetration in British industry. This must be part of a far more effective presentation of the purposes of the industrial strategy. More precision is needed in sector level studies. Action at the level of the individual firm is also essential.

There are further requirements needed to achieve our aims. We must:

(i) Give priority to systematic agreements between UK users and UK manufacturers on what needs to be done to avoid imports exceeding agreed market shares. On average 80 per cent of our imports are not by final consumers but are by UK manufacturers or intermediaries

(ii) Promote maker-user agreements on new design and technology requirements with including links to financial institutions under Department of Industry auspices, to meet export markets;

(iii) Ensure that the public sector, including public services and the nationalised industries, adopts a positive policy of buying British; and

(iv) Use public purchasing to help develop better designed products so that UK industries are able to compete more effectively in export markets.

The Government needs to be ready to use selective and temporary import controls if these prove to be necessary. Neither the UK nor any of the other industrial countries will be able to resist protectionist pressures in their countries if the growth of world trade continues to be depressed.

New arrangements are needed for the systematic consideration of inward and outward investment. The task is first to agree on the categorisation of different types of investment and to draw up criteria to meet the national interest in the light of the industrial strategy; and, secondly, to review all important cases on a continuing basis; and, thirdly, to collect information on the activities of the multinationals. This could best be achieved by a tripartite Foreign Investment Review Agency.

Planning agreements must play a key role in ensuring that problems such as investment and import substitution are tackled at the level of the individual firm.

At the level of the individual enterprise there is need for an effective forum involving workers' representatives in the strategic decisions of the enterprise, including all the questions under consideration at sector level. This will include such matters as investment plans, mergers, takeovers, expansion or contraction of establishments and major organisational changes and any other questions under consideration at sector level. We believe that this key priority cannot be met without the statutory fall-back rights set out in the White Paper on Industrial Democracy.

We welcome the promise of legislation in the coming session of Parliament so that we can build on the proposals contained in the White Paper.

Finance and Investment

The financing of investment must be an integral part of the industrial strategy so that funds are channelled into priority areas and that the financial institutions become more publicly accountable. The following proposals aim at integrating the financial institutions with the strategy:

(i) As a publicly accountable body the Bank of England should act on behalf of the Government in monetary affairs and not as an independent body in its own right.

(ii) The Department of Industry should take the lead in ensuring proper connection between the financial institutions and the industrial strategy.

(iii) We also favour the establishment of an Investment Reserve Fund — although we recognise that the method and timing of its introduction would have to be carefully considered so as to ensure that investment as a whole is sustained.

(iv) We see great merit in putting the supervision of the securities markets on a proper legal footing, with greater public accountability.

(v) We think there is a need to regroup existing institutions notably GIRO and the National Savings Bank, so that a new publicly owned bank can compete on equal terms with the big four clearing banks, and improve standards of service.

(vi) The Co-Operative Development Agency must be given further opportunities to expand as it becomes better established, and have adequate resources not only to encourage improvements in existing enterprises, but to help promote new developments in manufacturing.

(vii) We will provide for the joint regulation of pension funds through agreed systems of workers' representation.

ENERGY

The Government has adopted as its prime objective the development of an integrated national energy policy by establishing an Energy Commission on which Government, the fuel industries, the trade unions and the consumers are represented.

Devolution and Regional Policy

The Liaison Committee has consistently advocated the devolution of significant powers to Scotland and Wales and the Committee looks forward to the fruition of the Government's plans. The establishment of elected assemblies in Scotland and Wales is a major step forward in widening and strengthening democracy in Britain.

Taxation

Reform of our taxation and social benefit system must go hand in hand with industrial regeneration. Over the past two years tax cuts and benefit increases have played a major role in particularly protecting the worst off, and over the last year tax cuts alone have been worth over £3 per week to the married man on average wages with two children.

Approach

The ownership of wealth in Britain is still very highly concentrated, half the privately-owned wealth being owned by only 5 per cent of the population. Moreover, for the top one per cent about three-quarters of the wealth is inherited, as opposed to being accumulated through a person's own savings. These facts are the essential background to the case for a comprehensive system of capital taxation, and this will enable us to have a more balanced system of taxation as a whole. As part of such an approach we propose the introduction of an annual wealth tax on those whose total net wealth exceeds £150,000.

We shall also mount a sustained attack on the tax avoidance practices which enable those with the cleverest accountants to escape from paying their fair share of tax, and against tax evasion.

A Social Programme for the 1980s

(i) The Liaison Committee welcomes the introduction of the child benefit scheme and the increase in child benefit to £4 from next April.

(ii) We must provide a generous level of benefit for the unemployed without removing the incentive to work.

(iii) Progress made in the last four years in improving the real value of the national insurance pension means that the target of a married couple's pension of one-half of gross average earnings and a single person's pension of one-third average earnings is now in sight.

(iv) A selective approach to earlier retirement is needed, as agreed through the TUC-Labour Party Working Party.

(v) Extra help is needed for one-parent families through a new non-means-tested benefit.

(vi) Facilities for the under-fives must be planned to develop an expanded and integrated service, providing for the education and welfare needs of young children and at the same time meeting the needs of working parents for day care with priority being given to handicapped children and children in one-parent families.

(vii) We are determined to carry through our policy on comprehensive education; and we shall move as quickly as possible to integrate fee-paying schools into a fully comprehensive system.

(viii) We will actively promote equal opportunity policies for the ethnic minorities, especially in employment, and work to eliminate unlawful discrimination.

(ix) Cash benefits for the disabled should be improved and extended by making the mobility allowance payable over pension age and introducing a new disablement costs allowance.

(x) This year is the 30th anniversary of the National Health Service and it is vital that as the NHS moves into its fourth decade we maintain and improve our standards of health and personal social services which are of equal importance (with cash benefits) to groups such as the disabled.

Prices

Reducing the rate of inflation has been and will continue to be a vital objective. The co-operation of the trade union movement in the battle against inflation has been crucial. We are determined to maintain the attack on inflation by a vogorous prices policy, which will play a part in this. There is no reason why such a policy need be incompatible with proper levels of profitability in British industry—which are in any event mainly influenced by the general level of activity in the economy.

The Price Commission is now able to investigate the prices and profit margins of individual companies and inquire into the pricing of particular products or sectors. We will:

(i) Further strength the Price Commission, and ensure that its powers are not unnecessarily hampered; the "safeguard" clauses on profits and the rate of return on capital should be modified and simplified to prevent firms being able to abuse them;

(ii) Take a continued firm line in EEC farm price negotiations to limit price rises and protect those arrangements which benefit the housewife and the farmer such as the Milk Marketing Board; and

(iii) Take more vigorous action to bring about a fundamental reform of the Common Agricultural Policy itself so that farm surpluses and real prices of food products, especially those in structural surplus, are reduced and competitive imports from abroad are allowed into the UK. We will seek a reduction of intervention prices and a return to national aid for agriculture.

Pay

Pay policy or policy for collective bargaining has always been recognised as one of the most difficult fields of our national economic life.

The need to balance the considerations of the public sector, which accounts for half of the TUC's affiliated membership, and the private sector is one of the key elements in the thinking of the trade union movement and in particular the need to ensure that there is no discrimination against either sector.

We have still to reach a national consensus on the overall distribution of income, including income from top employment. We welcome the conclusion of the third report of the Royal Commission on the Distribution of Income and Wealth, that there needs to be such a consensus covering the whole span of incomes. Against this background, there should be some strategic objectives about low incomes, including low pay, and the need for adequate rewards for skill, effort and responsibility as part of a move to ensure that the contribution to society and the economy is the criterion for standards of living at the higher level rather than inherited wealth.

We do not see new answers in terms of completely new institutions, such as Parliamentary select committees to look at pay questions, or new national boards to determine a pattern of pay. We do, however, believe that there must be each year a thorough discussion with the trade union movement so that there is a broad understanding in this as in the other areas of our national economic life.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Laser unit gives tool position

PUT ON the market by Herbert Sigma is the Metrilas laser interfermometer made by SORO in *France, able to perform remote* positional measurements of, for example, machine tool cutting heads without direct mechanical connection and with great accuracy.

A helium neon laser unit, connected to a control and calculator module, produces a beam which is split so that part of the light *is directed at a remote mirror* on the moving machine component while the other strikes a *fixed reflector.*

The two reflected fluxes are beamed into a detection system located in the laser and motion of the mobile with respect to the fixed mirror causes sinusoidal modulation of the signal. The *distance between two successive* peaks corresponds to a half wavelength shift of 0.3 micron.

The *detector signal is* converted to impulses and a subsequent computer unit samples the *accumulated value every 40 milli*seconds: traversed distance is displayed after allowing for the wavelength and the air index.

Two kinds of reflection unit are available, one for measuring displacement and velocity and the other to deal with angles and surface flatness.

Setting up of the Metrilas M100 is not difficult because the light beams and optical components have a misaligment tolerance of plus or minus 2 mm. No complicated alignments calling for trained personnel are involved, so that a machine tool *can be thoroughly checked and* calibrated in very little time. To make a linear displacement measurement takes about ten minutes.

Readings are produced on a nine-digit display on the control unit or on a built-in thermal printer.

The linear measurement accuracy is about *three microns while angles can be determined* to about one second of arc. The machine can be activated by an *external signal if desired* and can also be equipped to provide a parallel binary coded digital output so as to *feed data elsewhere.*

More from the company at Spring Road, Letchworth, Hert*fordshire SG6 4AJ (04626 3841).*

This technician at Electronic Instruments, Chertsey, Surrey, is using a work presentation unit based on Swiss watch production techniques to assemble pH electrochemical sensors under clean conditions. The equipment presents her with the required component for the correct sequence of assembly and she undertakes the whole task herself, including the filling operation seen above. A dust-free endless conveyor belt at the rear delivers components to the carousel unit at the front

● ELECTRONICS

A compact micro

AVAILABLE FROM National Semiconductors is a low-profile *completely-packaged eight-bit* microcomputer, requiring only 3½ inches of panel space in a standard 19-inch rack.

Based on the INS8080A microprocessor, the rack-mounted computer model RMC80/14 microcomputer incorporates programmable serial and parallel input/output, complete busing, power supply, fans and three expansion-board slots.

The microprocessor has six *general purpose* 8-bit registers, an accumulator, a 16-bit program counter and a 16-bit *stack pointer. The registers may* be used singly or in pairs for double precision operations, and the 16-bit program counter allows direct addressing of 64,000 bytes of memory.

Contained in the central processor are 4000 bytes of on-board random-access memory (RAM) and four sockets for up to 4,000 bytes of programmable read-only memory (PROM). Two of the ROM sockets may be used for an *optional* system monitor for loading, debugging and executing programs. The monitor permits *reading and punching of tape,* display and change of memory register contents, and program segment execution.

More from National Semiconductors Limited, 301, Harpur Centre, Horne Lane, Bedford MK40 1TR. Tel. No. 0234 211262.

● PERIPHERALS

Cheap core memory

INTRODUCED into the U.K. by Dataproducts (Dublin) is a 128k 18 bit word core memory module called *Maxi-store having a 325* nanosecond access time and 750 nanosecond cycle time.

Cost is in the 0.1p per bit range for OEM quantities, and the module is designed for mini and "midi" computer applications where high speed large storage is a principal requirement. *The Maxi-store is expand*able to 1024k words.

Using a three wire three dimensional *organisation,* the basic unit is on a self-sufficient card, with the address, data registers timing and control logic. The module operates in the read/restore clear/write and read/modify/write modes. It requires only two voltages: +5 volts DC and +15 volts DC.

Up to four modules can be housed in a 10½ ins high by 19 ins wide by 24 ins deep rack-mountable chassis. The chassis also contains a power supply and an extra slot for either a self-test card or a custom interface card. A memory protect circuit provides data saving upon loss of power. Optional chassis wiring permits 36 bit double word configurations or the "daisy-chaining" of two chassis for expansion to 1024k by 18 bit capacity.

More from Dataproducts (Dublin), Greencastle Road, Cooloch, Dublin 5 (Dublin 31166).

● TRANSPORT

Refrigerated van

A *HEAVY DUTY* refrigerated van designed to withstand the rigours of roll-on/roll-off operations, *while providing for a very* low tare weight, has been introduced by Craven Tasker *(Sheffield), Staniforth Road,* Darnall, Sheffield S9 4LL (0742 49301).

A competitive weight of only 8.2 tonnes for a 12 metre van with five meat rails has been achieved, says the company, in spite of the decision to provide for a hanging load of up to 25 tonnes, as a provision for higher gross vehicle weights.

It features a machine riveted alloy outer shell which, with its *inherent strength, is particularly* vital in vehicles where side doors are frequently required and when stresses at the top and bottom members of the structure and at the corners of the doorway aperture are of a very high order. Another advantage promised by this approach is that repairs can be easily made with*out losing the integrity of the* unitary construction.

Areas where GRP materials are incorporated in the range, as an alternative to conventional *materials,* occur in the floor loaded models where a series of specially developed one-piece *reinforced* moulded GRP profiles *function* as both roof bow and inner posts.

The floor of the van is *of seam welded alloy corrugated* profile and terminates at either end in a ribbed kick panel extru*sion, also welded, thus forming* an effective pan precluding any possibility of water penetration to the foam insulation beneath.

A fibrous heat arresting web is riveted to provide a 4 inch deep cavity for insulation between the inner and outer alloy side post extrusions. The front bulkhead is similarly constructed but heavily reinforced with steel members to accommodate the weight of the nose-mounted *refrigeration units.*

An internal width of 7 feet 5½ inches is achieved with a full 4 inch thickness of polyurethane foamed insulation in the walls of the van. Within an overall height of 4 metres, an inside of 7 feet 3½ inches still gives a full 7 feet 0½ inches beneath the meat rails.

Running *gear* plated at 18.5 tonnes on close coupled mono-leaf suspension is available, plus multi-leaf suspension where load *sensing is called for,* and the structure will accommodate gross trailer weights of up to 36 tonnes, *with or without a* side-door facility.

● MATERIALS

Making it stick

A *SERIES* of adhesives for various applications has been introduced by Shell Composites, *Galvin Road, Slough, SL1 4DL* (Slough 71711).

A light-coloured synthetic rubber resin *emulsion for* bonding most carpets unbacked or having backings of needle, foam, jute, latex, etc., or flooring materials like PVC, linoleum tiles and cork tiles to various substrates is called Laybond 1371. Primarily for bonding unbacked and fibrous backed carpets to concrete, wood, asphalt, hardboard, chipboard and smoothing compounds is Laybond 48. A solvent-based *bituminous product suggested for* use on concrete, underlayments, cementitious screeds and wooden sub-floors is Laybond ATA.

The company says its latex smoothing compound will accept most floor covering adhesives in current use and can be applied *to most types of sub-floor in*cluding wood, concrete, asphalt, stone, metal, quarry tiles, plywood, *hardboard and chipboard* as well as most residual adhesive films left when an old floor covering is taken up.

Its lino paste is for bonding all types of linoleum floor coverings to concrete, wood, chipboard, hardboard, plywood and most smoothing compounds. This is a water-based adhesive and may be used where an underfloor heating system is installed.

A six-page brochure "Recommended Adhesives for Carpets and Resilient Floor Coverings" has been published by the company. *Trade names of 102 car*pets from 31 manufacturers, and 80 resilient floor coverings from 20 *manufacturers* are listed alongside the recommended Laybond adhesive. This is available free.

Cleans off cement

DEVELOPED specifically for the removal of cement residues from vehicles and construction plant are two chemical cleaning agents from Pyroclense, Ridgeway, Iver, *Bucks SL0 9JJ (Iver 651812).*

When used for regular valeting, a working solution of a product called 1230 with *recom*mended volumes of water is claimed to keep vehicles and plant free from the accumulation of cement dust. The solution is applied by spray, allowed a dwell period for chemical action, and pressure rinsed with water.

For the removal of accumulated cement which may have become heavily ingrained, the operation is stated to prove particularly effective by varying the strength of the solution to the manufacturer's specifications *and by prolonging the time* allowed for chemical penetration.

Product 1170 has been designed to meet multiple cleaning requirements and should be appropriate for the interior *cleaning of tankers — especially* for the removal of edible oils and light petroleum oils. Its wider applications are in such areas as the steam cleaning of chassis, paintwork, upholstery and other hard surfaces.

● COMPUTERS

Throughput boost for a mini

A HIGH speed memory enhancement for the Digital Equipment Company's PDP 11 computers has been announced by Fabri-*Tek Computed Components of* Maidenhead.

Contained on two boards in a module measuring about 8 x 5 x 1 ins, this model 920/981 "cache buffer" replaces specific modules in the DEC machines and provides 2048 bytes of memory in bipolar technology.

Fabri-Tek believes that the unit offers PDP 11 users the opportunity to increase significantly throughput at a fraction of overall system price. Although performance is software-dependent, the company states that 22 per cent increases have been achieved on several units already in the field.

The 920/981 buffers the entire CPU main memory. The module can be *installed in minutes with* no hardware or software changes, and the cycle/access time is 300 nanoseconds. The unit is operated from the existing CPU power supply.

More from the company at 50 Moorbridge Road, Maidenhead, Berks SL6 8BN (0628 37321).

● AVIATION

Pinpoints the runway

A *MONITOR* panel has recently come into action at Schipol Airport's control tower which *makes use of plastic optical fibre* to show which runway and taxi-way lights are switched on.

The light points on the panel —representations of the actual lamps on the runways—are terminations of lengths of Du Pont "Croton" 1.4 mm diameter fibre, of which some 900 metres have been used *in conjunction with 192 miniature* bulbs, some with filters, serving as light sources. In all there are some 940 light-dots on the panel.

According to the maker of the panel, Alrevo Elektronica of Zaandam in The Netherlands, fabrication in Croton has cost only one-fifth of the estimated *cost in glass fibre.* This is because the plastic fibres could be inserted into the panel in such a way that it was relatively easy to cut and polish the ends without using special terminations.

More from Du Pont de Nemours International S.A., P.O. Box CH-1211, Geneva 24.

Very thin chipboard

SAID TO be eminently suitable for any application which requires a substrate for use in conjunction with the new super-thin pvc foils which are becoming increasingly popular *on the UK market, is a high* density ultra-fine surfaced chipboard made in Finland and *marketed here by* Thomas Simson, Langley House, West Hill, Oxted, Surrey (Oxted 7551).

It is intended primarily for the TV, radio and hi-fidelity cabinet manufacturing trades, and comes in thicknesses of 6 mm, 8 mm, 9 mm and 10 mm, and in press sizes of 6020 mm and 2530 mm. This allows one centre length cut with two cross-cuts or, alternatively, four cross-cuts, all at the standard price. *Cut sizes are also available.* The Sasmoboard is also said to be ideal for normal painted or wood veneered finishes.

Repaired in one go

A HIGH build epoxy mortar *for fast and permanent* repairs to damaged concrete structures is available from Chemical Building Products, Cleveland Road, Hemel Hempstead, Herts. HP2 7DL (0442 42101).

Called Nitomortar Hb, it is specifically designed, says the company, to give excellent high build "hanging" properties. It *is trowel* applied and repairs to concrete column, soffit and beam faces can be carried out in a single application instead of the usual two or three coat build-up.

The product cures to a natural colour which is said to match most concretes. It will also harden under damp conditions, and the finished surface is com*pletely impermeable* to water and unaffected by a wide range of acids, alkalis and industrial chemicals.

● PACKAGING

Quick wrap around

DEVELOPED by United Packaging Industries (UK), the Kirk*wood Pallet Stretch Wrapper* functions by movement of the machine around the stationary pallet, rather than the *more* usual method of rotating the pallet on a stationary wrapping machine.

Main advantage is that an unstable load can be wrapped before moving.

Two models are available. In one an operator moves the machine round the pallet by hand while the other is motorised and powered by a battery.

The machine has been designed to accommodate a wide range of products and the company *says that sales are already* being made to companies in the food and chemical industries.

More from the company at Gomersal, Cleckheaton, West Yorkshire BD19 4QW (0274 872511).

BOOKS

Poet's double life

BY RACHEL BILLINGTON

Andrew Marvell: His Life and *Writings* by John Dixon Hunt. Elek, £8.95. 206 pages

John Dixon Hunt admits at the start of *Andrew Marvell: His Life and Writings* that, although "... Marvell's poetry is richly, densely packed with meaning, by contrast his life is rather barren of absorbing detail." Nevertheless, Mr. Dixon Hunt has managed to make this illustrated biography so full of history, horticulture, topography, geography, natural history, social and literary allusions that its texture seems to reflect the poetry rather than the life.

He is helped in this by the stirring times in which Marvell lived. He was a young man under Charles I, youngish when Cromwell became Protector, and still in the prime of life when Charles II returned triumphantly *from Holland. Moreover, during* much of this time, he was close to the sources of power.

He became a tutor to a protégé of Cromwell's in 1653, the Latin Secretary to the Cromwellian Government in 1657, and from 1659 to his death was Member of Parliament for Hull. During his later years, he was part of what would now be called a pressure group to fight against religious intolerance and get through Parliament the "Declaration of Indulgence." He also travelled abroad, spending several years in Europe when a youth, and as Latin Secretary going on a diplomatic mission to countries as far afield as Russia.

Meanwhile, he was, of course, writing poetry. Before becoming actively engaged in politics, he was tutor to the daughter of the retired General Fairfax in Yorkshire. It was there he wrote the beautiful poem "Upon Appleton House, to My Lord Fairfax," which uses the 17th century conceit of the "garden world" where "all things were composed" to explore both the poet's concern and the political and social issues which had affected the life of his patron. In yet another sense, the house and gardens are an expression of Fairfax and his family, which Marvell can read for us:

A stately frontispiece of poor
Adorns without the open door:
Nor less the rooms within commends
Daily new furniture of friends.

Marvell's writing, as was true of most poets of his age, always mirrored his occupation, so that after his *entry into public life* the more romantic and lyrical elements took second place to the didactic. Thus, in 1672, he became famous with the publication of *The Rehearsal Transpros'd*, a prose work which attacks Parker, the Archdeacon of Canterbury and fierce opponent of "The Declaration of Indulgence." Marvell's poetry also (particularly if one assumes he was author of the *sequence of satirical poems* based on Waller's *Instructions to a Painter*), became politically engaged.

It is this integration of poet and public man which makes Marvell especially fascinating in a modern context. For ever since the 19th century, the poet has been generally segregated—whether by his own choice or by convention—from an active role in the country's body politic.

Indeed, this aspect of Marvell's life is so interesting that it was only towards the end of Mr. Dixon Hunt's biography that I began to suffer from a very definite lack of personal information. It is hard not to be given even a shred of romantic gossip about the man who in "To His *Coy Mistress*" probably wrote one of the best-known love poems of all time. Mr. Dixon Hunt takes the liberty of guessing the gardens which Marvell may have visited in Europe, but resists the temptation of guessing the direction of his heart. Is it just possible, for instance, that he had a special relationship with Mary Fairfax, his young pupil at Nun Appleton? It would be nice to envisage a childhood idyll, *since she later had the* misfortune to be married to the notorious rake, the Duke of Buckingham.

A "Mrs. Marvell" does appear, after Marvell's death. It was she *who collected the manuscripts of* his poetry and had them published for the first time. But it appears she was wife only in name, so that she could legally benefit from the proceeds of publication. The money, even more mysteriously, went to two bankrupts living in Marvell's house, about whom little more than their names is known.

In spite of all this lack of evidence, the British Library at *the British Museum has managed* to put together an interesting exhibition to commemorate the 300th anniversary of Marvell's death. They have also produced a detailed catalogue compiled by Hilton Kelliher, *Andrew Marvell Poet and Politician*. Many of the pictures are reproduced in Mr. Dixon Hunt's well illustrated book. It is exciting to see the actual letter in which John Milton recommended Marvell to the Lord President of the Council of State.

In Restoration days, Marvell was to repay this favour by pleading Milton's cause in the House of Commons. Also in the exhibition are some of the voluminous reports on the state of Parliament, which Marvell wrote conscientiously and Mr. Dixon Hunt suggests, with great enjoyment, to his constituents in Hull. It is, on the other hand, sad to look at the first edition of his poetry, which "Mrs. Marvell" published in 1681, and to realise that he never held this not-so-slim volume himself.

Or maybe Marvell would have agreed with the people of Hull, who in the 19th century erected a statue to the memory of "An Uncorruptible Patriot and Wise Statesman"—with no mention of the poet at all. Perhaps he really did want to be remembered for his prose tracts and his politicking rather than his poetry. The weight of material at present available points that way. Yet in the end the poetry lives uniquely and dominates the rest:

My love is of a birth as rare
As 'tis for object strange and high.
It was begotten by Despair
Upon Impossibility.

The Complete Poems of Andrew Marvell edited by Elizabeth Story Donno are published by Penguin at £1.25.

General Fairfax, Marvell's patron, from a contemporary engraving—one of the illustrations in John Dixon Hunt's book marking the tercentenary of the poet's death

Ruthless Richard

BY C. P. SNOW

The Princes in the Tower by Elizabeth Jenkins. Hamish Hamilton, £6.95. 238 pages

The Traitors of Bosworth by Robert Farrington. Chatto and Windus, £4.95. 251 pages

The Hundred Years War by Desmond Seward. Constable, £6.95. 296 pages

The mystery about Richard III is not whether he killed his nephews, the young boys Edward V and the Duke of York, but why a fair number of people should be so determined to believe that he didn't. Good, kind, affectionate Richard, they tell us, he wouldn't have hurt a fly. It is the strangest of modern cults. He was a good soldier, like his brother Edward IV and plenty of his Plantagenet ancestors. He seems to have been a competent administrator, given his few opportunities to perform. He was literate, and wrote a neat and beautiful hand, with a motto which may have given simple pleasure to some deceased and eliminated friends, *Loyaulte me lie.*

He might have very well have proved a decisive and successful king, if only he could have gathered some popular support, which was desirable for any late medieval monarch, and essential for one who had got there via a stream of defunct relatives. Bosworth Field showed that he had no such support, and he went out to a brave and fighting death.

He wasn't much like the hero of Shakespeare's play, so far as can be told from the little evidence that has come down. He hadn't that humour of the devil, which Shakespeare, as Elizabeth Jenkins suggests, probably simply thought would make a *better acting part*. On the other hand, Shakespeare knew more about Renaissance princes than we do, being (a) several hundred years closer, and (b) an unillusioned and unsqueamish judge of the human scene.

The followers of the cult of gentle and humanitarian Richard might recall that he was, first and *foremost*, a Renaissance prince. He had lived a life as remote from the domestic niceties as that of his Italian contemporaries. His father's head had been stuck on the Micklegate at York. He had been within touching distance of the killing of the previous king (Henry VI) and of his own brother Clarence. Niccolo Machiavelli would within a few years of Bosworth be writing *The Prince*. If Richard had lived a little longer, he might have read it with interest and profit. He wanted the crown. Otherwise he would not have got it. There might be unfortunate impediments. In that world, impediments were removed.

Elizabeth Jenkins understands this without fuss. Perhaps she would have liked to be beglamoured by Richard. She does indulge in one or two bits of special pleading, which are not necessary. But her mind is too clear, her sense of fact a good deal too strong, to let her succumb. She is not so impatient with human credulity as some of us would have been. Hence she has written the best examination of the Richard story, and the case put up by the Richard cult, that we are likely to have. It will save a lot of argument just to be able to refer wide-eyed believers in spotless Richard to this book.

Elizabeth Jenkins is, it shouldn't need saying, a very good writer. Her later books haven't had the recognition they deserve, but it is slightly distressing to see that she does not include *Harriet* in her list of publications. It is an occupational chagrin of writers to see too much praise lavished on their best-known child. She must have become tired of hearing people mention *Harriet* and not her other books.

Mr. Robert Farrington appears to be a devotee of Richard III, and has a hero, Henry Morane, who in two previous novels—which I haven't been able to get hold of—has been a faithful follower. After Richard's death, Morane keeps referring to Richard mournfully as Dickon. Farrington is a beautifully inventive writer of thrillers who ought to attract many readers, and Morane is a lively and original creation, a kind of renaissance private eye, adventurous, amorous, resourceful with his wits and his weapons. In *The Traitors of Bosworth*, Morane, while still not denying his devotion to Richard, has become loyal to Henry VII and is employed by him. There is a pleasant picture of that shrewd and underestimated personage.

Finally, *The Hundred Years War* is an account of the English exploits in France, 1330—1453, which gives much illumination upon these Plantaganet fighting men.

The book is written as lucidly as Elizabeth Jenkins's, which is real praise, and is sharp with political and military sense. England had only one quarter of the population of France during those hundred or so years, and was much poorer. Yet the English managed to accomplish devastation decade after decade.

This seems to have been partly because of technical superiority (the longbow and primitive artillery meant that heavy armed cavalry was becoming obsolescent), partly because the English state had become centralised earlier, and partly because of sheer blinding ruthlessness. The favourite English tactic was the *chevauchée*, which was nothing more nor less than a raid in force on unprotected territory, sacking the towns, burning the villages, raping the women and then massacring them along with the rest of the population. This was regarded as a normal operation of war and didn't interfere with chivalric banquets given to armigerous prisoners. The French had a good deal to forgive. If they had been Irish they wouldn't have forgiven us yet.

Fiction

Almayer arrives

BY MARTIN SEYMOUR-SMITH

A Heavy Feather by A. L. Barker. The Hogarth Press, £5.50. 234 pages

The Bad Sister by Emma Tennant. Gollancz, £4.95. 223 pages

Men on White Horses by Pamela Haines. Collins, £4.95. 290 pages

Percival and the Presence of God by Jim Hunter. Faber, £4.95. 141 pages

The Beast by Hugh Fleetwood. Hamish Hamilton, £4.95. 200 pages

Since she published her first book in 1947 A. L. Barker has had the reputation of being a subtle and yet earthy writer: one, as a critic put it (and the cliché is for once apt) "to treasure." Nothing substantial (so far as I know) has been written about her work, and this makes criticism look silly; but then she speaks for herself in a chilling and disturbingly original way. She has remained resolutely true to her tragi-comic vision of Woman as the exploited, suffering and yet superior sex. Not that she is complacent about this: her horribly lucid and not unloving accounts of men convince us of it.

A Heavy Feather records nine episodes in the life of Almayer Jenkin—called Almayer because her mother, who had never heard of Conrad but had seen the book, wanted to call her Folly. Almayer is knocked about by life, but is always in charge of herself, as her own narrative proves. The essence of the book—its theme *and its style*—is summed up in a retrospective remark made by Almayer while recalling the time when she was in the charge of some pretentious, unhappy people when she was a child: "I did not dream that love, and the lack of it, could drive people right out of the other end of themselves." This is really a novel about love, but one written by a character who has been numbed from childhood.

Emma Tennant's new novel is (candidly) a variation and an updating of James Hogg's *The Private Memoirs and Confessions of a Justified Sinner*. The author may also have been influenced *by Michel Foucault's* recent re-examination of the case of an early 19th-century French peasant, Pierre Rivière, who killed three members of his family. But *The Bad Sister*, which is only as recondite as madness has to be, is really about the writer and morality. It is difficult to understand it unless we understand that the fundamental question which lies behind it is the simple but *alarming and surely pertinent* one: what kind of responsibility does a novelist have for the lies he (or she) is impelled to tell? This is certainly sophisticated: but then we live in an over-sophisticated age, and we must have writers who will, instead of trying to ingratiate themselves, risk being found unintelligible.

Emma Tennant is such a one, and if the reader will bear in mind that she is haunted by this question, then he will start to find her lucid and intelligible. *The Bad Sister* is about the life and death, by murder, of a wealthy young Scottish landowner, Michael Dalzell; the case, unsolved, belongs to the present—but it is reopened by the "editor" (as Foucault reopened the case of Rivière) in July 1986. The book consists of the editor's "narrative," the newly discovered Journal of Jane Wild—Dalzell's illegitimate daughter—and a final editor's "note."

The Journal, in which the factual and the imaginary (not the real and the unreal: imagination is real) tangle, seems to point to Jane as the insane murderess—and so the editor affects to think. But my reading is that the editor is guilty, and that the whole performance has been arranged to cover this up. This, however, is only one reading, and doubtless a preposterous one at that. At all events, *The Bad Sister* combines the excitement of a thriller with some very good *writing—and it gives us cause* to reflect on the nature of the "reality" we inhabit.

Men on White Horses, by Pamela Haines, the author of the highly successful *Tea at Gunter's*, is a well written novel set in the early part of this century. It traces the fortunes and feelings of a Yorkshire girl from the age of eight until, as a young woman, she experiences disaster in Italy. Both the Yorkshire and the Italian backgrounds are well done, and so is the difficult task of recapturing a now almost remote past. It is decent, sensitive, scrupulous writing—competent in all respects, but most successful in its evocations of time and place.

In *Percival and the Presence of God*, his seventh novel, Jim Hunter abandons the present day for the world of Arthurian romance. He also abandons his realistic style for a hopefully poetic one. *Both these are risky* enterprises, and the result is embarrassing. The young knight Percival's narrative is best precisely when it is realistic; but for most of the time it reads like a bad parody of Malory.

The Beast contains seven fundamentally interconnected stories by Hugh Fleetwood, who has established himself as a truly distinctive "horror" writer. His theme here is the beast in man, and in each of the tales he achieves the required *frisson*. He writes well (he has learned in particular from Poe), and he enjoys being gruesome—as the sinister photograph of him displayed on the back flap demonstrates. The last story, "Sketch of a Dead Girl," has satirical over- and undertones that quite transcend the category of entertainment. It is a highly intelligent examination of wicked pretentiousness.

Pamela Haines: Yorkshire heroine

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
1st qtr.	103.2	105.3	109	103.2	216.4	1,330	na
2nd qtr.	101.9	103.0	106	102.5	222.0	1,330	163
3rd qtr.	102.8	103.8	106	104.3	234.2	1,418	151
4th qtr.	102.3	103.3	106	104.4	239.4	1,431	157
1978							
1st qtr.	103.3	104.2	98	106.3	246.0	1,409	188
Jan.	102.9	103.6	106	104.9	241.0	1,419	180
Feb.	103.6	104.1	116	106.8	246.5	1,409	187
March	103.4	104.8	103	107.0	249.8	1,400	196
April	103.9	106.6	104	106.7	250.3	1,387	204
May	105.9	104.5		108.4	255.2	1,366	210
June				109.0		1,365	217
July						1,371	211

OUTPUT—By *market sector: consumer goods investment goods*, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
1st qtr.	115.9	99.4	106.1	100.4	83.9	104.4	19.9
2nd qtr.	113.4	97.5	105.2	98.8	80.5	100.2	25.1
3rd qtr.	115.1	98.0	104.7	99.6	83.3	100.7	25.4
4th qtr.	117.2	97.5	101.9	99.1	74.8	100.0	20.7
Dec.	118.0	98.0	102.0	100.0	79.0	101.0	16.1
1978							
1st qtr.	116.9	99.2	104.9	100.7	76.8	99.7	17.8
Jan.	116.0	99.0	104.0	100.0	75.0	99.0	17.4
Feb.	117.0	99.0	106.0	100.0	78.0	100.0	15.3
March	118.0	100.0	104.0	101.0	78.0	100.0	20.6
April	119.0	100.0	109.0	102.0	85.0	105.0	25.4
May	117.0	99.0	106.0	101.0	85.0	99.0	24.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
1st qtr.	115.7	109.1	−947	−493	−800	99.0	10.5
2nd qtr.	118.0	109.8	−794	−365	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+357	−602	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+486	−657	102.4	20.39
1978							
1st qtr.	120.3	114.3	−574	−305	−646	105.1	20.63
Jan.	112.2	114.6	−338	−248	−234	105.5	20.87
Feb.	127.4	111.3	+ 43	+132	−203	104.8	20.7
March	121.4	116.9	−279	−189	−209	104.8	20.32
April	126.1	104.3	+188	+308	−151	104.0	17.04
May	120.1	114.3	−218	− 98	−156	105.1	16.66
June	122.1	112.0	−106	+ 14	−117	104.1	16.54

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
1st qtr.	1.3	− 8.8	5.3	− 74	492	1,008	10½
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	23.2	12.6	8.8	+698	1,565	1,189	7
1978							
1st qtr.	24.7	21.0	17.5	+1,818	1,049	1,260	6½
Jan.	23.2	17.3	13.9	+258	388	429	6½
Feb	26.8	25.5	17.9	+963	353	418	6½
March	24.7	24.0	17.5	+597	308	413	6½
April	19.1	24.7	12.6	+1,432	335	463	7
May	13.2	17.4	18.3	+1,124	212	471	9
June	8.7	15.9	24.8	+337	147		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
1st qtr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	326.7	279.0	190.6	197.3	238.81	64.6
Jan.	121.5	324.9	277.1	189.5	196.1	225.41	66.0
Feb.	122.7	324.2	279.2	190.6	197.3	224.86	66.0
March	125.0	331.0	280.6	191.8	198.4	238.61	64.1
April	127.2	337.4	282.7	194.6	201.6	238.94	61.8
May	129.3	241.5	284.6	195.7	203.2	250.67	61.5
June		342.9	286.2	197.2	206.7	242.27	61.5

* Not seasonally adjusted.

What is money?

BY TIM CONGDON

Money: Two Philosophies by S. Herbert Frankel. Blackwell, £6.50. 163 pages

Debates about monetary policy have become both more publicised and more lively in recent years. But the emphasis has been on the technical aspects. While there has been a flood of high-powered econometric tests from academics and rigorously numerate circulars from stockbrokers, more wide-ranging discussion of the role of money *in society has been infrequent* and scant.

The omission is unfortunate. Without doubt, much of the controversy aroused by monetary policy reflects implicit political preferences: it would both clarify and improve discussion if they were made explicit. Professor Frankel's new book on *Money: Two Philosophies* is welcome because it helps fill the gap in this area. By alerting participants in the debate to the ultimate roots of their disagreements, it *will increase their self-awareness* and, perhaps, make them more tolerant of opponents.

But Professor Frankel is by no means an impartial bystander. In his contrast of two attitudes towards money he makes it quite obvious which side has his sympathies. In the first attitude money is "a tool of state action"; in the other it is "a symbol of social trust." Frankel favours the second and devotes much space to an indictment of the alternative, functional approach.

This functional approach is identified with Keynes. Chapter five, on "The Keynesian morality of money," argues that the *manipulation of monetary policy* tools to achieve economic objectives, as recommended by Keynes throughout his life, relies on deceit. In particular, Frankel points a critical finger at Keynes' idea that a deliberate inflation, by raising prices without affecting money wages, could lower real wages and stimulate employment.

To Frankel, the idea raises an ethical problem. It rests on a "*morality of initiating monetary* policies the consequences of which will appear to others to be different from what they are known or expected to be to those responsible for them." As a morality, it can be defended only on the assumption that those who conduct monetary policy are the repositories of "public wisdom" and will always serve the interests of the state rather than themselves.

Experience in the past 30 years has undermined faith in this assumption. Governments and central banks who regulate the monetary levers to influence output and employment are sooner or later caught out. The bluff is uncovered; confidence in money is destroyed; and the free monetary economy is threatened.

For these, and other reasons which Frankel develops elsewhere in his book, he supports *a more traditional interpretation* of what money's role is and should be. Money is regarded as a creation of society not the state; as an institution which evolved gradually and without central direction; or, to use one of Hayek's favourite quotations, as "a result of human action but not of human design."

Its convenience depends on its acceptability for completing transactions; and its acceptability depends, particularly as a standard of deferred payment, *on trust that it will retain its* value over long periods of time. Once that trust has been abrogated, the credibility of the state and the mutual respect citizens hold for each other are questioned. Money should not be tampered with by the State. Only then can monetary policy form part of "a condition of civility, a code of civil monetary behaviour, an ideal—the pursuit of trust."

This traditional view of money Frankel associates with the German sociologist, Georg Simmel, whose work *Die Philosophie des Geldes*, published in 1900, foreshadowed many of the later disputes *on money's place in society* and the economy. Until now, Simmel has been neglected and it is refreshing to have a new name to add to the pantheon of monetary greats. The recitation of "Keynes vs. Friedman," "Hayek vs. Keynes" and so on has become rather stale.

However, Frankel's book is unlikely to have much influence outside professional economic circles. It is short: indeed, its hundred and *sixty-three* pages makes it little longer than an essay. Although it raises important issues its treatment of them is far from exhaustive. Moreover, Frankel's style is often mystical, even opaque, and his meaning tends to become elusive.

But perhaps this was inevitable in a work which crosses the boundaries between economics, sociology and political philosophy *and it would be wrong* to end on a critical note. There are connections between attitudes towards monetary policy and more general philosophical beliefs. More specifically, there is a definite tendency for supporters of sound money to be politically conservative and economically liberal. Frankel's comparison of the two dominant philosophies of money helps in understanding these connections. It is a valuable contribution to a branch of monetary economics which, in the burly-burly of recent debates between "practical men," has been unjustifiably overlooked.

Red SF

BY RAY LARSEN

Roadside Picnic by Arkaday and Boris Strugatsky. Gollancz. £3.95, 145 pages

Readers in the West may be surprised to learn that science fiction is alive and flourishing on the other side of the Iron Curtain. The Strugatsky brothers of the Soviet Union certainly deserve wider recognition for the body of highly sophisticated work which they have produced over the past decade.

Their latest offering is a fascinating and original novel set in Canada. Alien spaceships have briefly descended *on a small* town leaving behind mysterious debris much as humans might scatter litter at a picnic. An enterprising band of smugglers risks death from unknown radiation in order to sneak out these valuable artefacts in defiance of a government ban.

A further Strugatsky novel is promised for later this year. It will be awaited with eager anticipation.

Altered States by Paddy Chayefsky. Hutchinson. £3.95, 160 pages

It is a sign of the current boom in science fiction that scriptwriter Paddy Chayefsky of Marty and Network fame should choose this medium for his debut as a novelist. He takes inner space — the human mind — as his theme with the story of a scientist's attempts to discover the source of human consciousness by means of an isolation tank and hallucinogenic drugs. The style gets somewhat muddled, gothic horror rubbing shoulders with the paranormal and soundly researched science. Nevertheless, he tells a swift moving and entertaining tale.

Lifeboat by Harry Harrison and Gordon R. Dickson, Dobson, £4.25, 181 pages

Back in the 1930s a favourite device of Hollywood screenwriters was to take a motley collection of characters, set them adrift in a lifeboat and then record their struggles for survival. Harrison and Dickson revive this old theme with a group of human space tarvellers trapped on an interstellar lifecraft. The snag is that it is *navigated* by aliens who deem it the greatest honour to die in space rather than survive. Needless to say the humans outwit the kamikaze pilots.

Stargate by Stephen Robinett. Robert Hale, £3.75. 218 pages

Giant corporations are locked in a battle to recover precious minerals from distant planets. The trouble comes to a head when a mad corporate boss tries to hijack a neutron star. At least it makes a change from the traditional mad scientist!

Alexander's father

BY ROBIN LANE FOX

Philip of Macedon by George E. Cawkwell. Faber, £7.50. 214 pages

Who was Philip of Macedon? Father of Alexander and foe to Demosthenes. He has long owed his fame to his son and his enemy. Even after this book, there *may still* be those who respect Demosthenes's judgment. There will certainly be many more who still believe that the new royal tomb in Macedon was indeed designed for Philip. Mr. Cawkwell has added more than any living Englishman to the scholarly literature of the politics and famous Greek names of the fourth century BC. But his book, ironically, was in proof before the tomb burst on the *world. I suspect that his acute* eye would have questioned it. I doubt very much that it is Philip's, though a second tomb is likely to emerge this summer from the bulldozers and may *throw a new light.*

One text, embedded most oddly in the Alexander-Romance, implies that somebody, in antiquity, believed the excavator's suggestion. Myself, I share the growing suspicions of scholars who are troubled by pottery-dates, painters' style, a royal diadem and the ivory busts of Philip's family (apparently) which would imply, most naturally, that they, too, were already dead and being worshipped. So this book, long pondered, has probably not missed a new trump-card at the last moment.

If you want to know about Philip's career, you can read it *with confidence*. It moves as briskly as its subject. Disputed ground is remarked, then crossed quite plausibly. There are provocative touches in the background, not least on warfare. But flights of fancy, biography, cultural and social insight, these are all kept in the back seat which the oblique ancient sources require at first sight. Less florid, it is slightly less engaged than the volume on Demosthenes which headed, so revealingly, a series called "Heroes of the Nation" fifty years ago. But it is far more restrained in its view of the Greek orator. Eventually, in *Cawkwell's judgment, he spoke* up for a noble end. But he never came out with a practical statement of ways and means. At times, then, this book is melancholy, and says so.

On Philip's aims, its stand is traditional and may well be correct. Philip was planning in detail for a Persian invasion by 346. He did not intend to conquer all Asia. His Greek League did not rest on proportional representation. His army, by and large, was the key to Alexander's success. Our major blind-spot is Philip's work in the north Balkans and Central Europe. This, I feel, was Philip's tour-de-*force*, filling 12 of his 23 years. Yet the Greek sources obscure it, a point which could, perhaps, have been rammed home harder. I also believe Philip to have been far more similar to Alexander than we now suspect. No doubt he, too, would have entered India if he could. In his mid-forties, he spoilt it all by falling for another girl. Despite Cawkwell, I would still hold to the existence of two babies by this woman at his death, one of whom was a boy, as the sources say. For who knows what might have been started, out of wedlock, on the night after Philip's victory at Chaeronea? Pregnant, the girl was perhaps forced on Philip by a powerful family in the following spring. There was time, then, for a boy before his murder. The point is not trivial. It cost him his life.

The "man without parallel in Europe." Philip had charm, toughness and a stronger head for politics and wine than for women. He spoke well, had good looks and a good memory.

On the vexed points, Cawkwell's opinion is seldom mine, the dates in Euboea, the dates of the Philippics, the dates and authors of the embassies round Greece, the motives for peace and alliance, the events at Chaeronea *and so forth*. These are hardy perennials, nothing more. But we must not forget the one great argument for doing something, however Demosthenic. An inch further and the bolt from an arrow catapult would have killed Philip early on.

True, Demosthenes was slow to see the danger and vague, too, about how to meet it. Any Athenian knew the vital importance of the corn route from the Black Sea.

But at Olynthus, especially, Demosthenes's call to arms might have been right. An earlier force might have stopped the port's betrayal. Better to have a go, surely, *when Philip could so* easily be killed. Given the Macedonian monarchy, his death would have turned Macedon in on herself. Was it Philip's charm or Demosthenes's blindness, but should not the orator have died for the king's murder when lodged in his court as an envoy eight years before Chaeronea?

FINANCIAL TIMES SURVEY
Thursday July 27 1978

DIRECT MARKETING AND MAIL ORDER

The concept of direct marketing and mail order is growing and people in the business see considerable potential for further expansion. Techniques too are becoming more sophisticated as new companies enter the field.

Facing a golden future

By Michael Thompson-Noel

THOSE INVOLVED in the fast-moving, fast-growing, potentially massive business of direct marketing know the sort of powder keg they are sitting on. The wonder is that its potential still needs spelling out—an irony that did not escape David Ogilvy, founder and creative head of Ogilvy and Mather International, when addressing the British Direct Mail Marketing Association's first UK Direct Marketing Day in London last autumn.

He reminded his audience that the rest of the advertising and marketing world still thought of them as second-class citizens, before moving smoothly to explain why he thought it didn't matter: "Your opportunities for further expansion are colossal," he said. "You have come into the direct response business at the right time. For 40 years I have been a voice crying in the wilderness, trying to get my fellow advertising practitioners to take direct response seriously. . . . You face a golden future."

Put simply, direct marketing is any system that offers products or services to existing or potential customers via any promotional medium — direct mail, mail order, TV, radio, Press, magazines, "take-ones," even matchbook covers — in order to effect a direct response by mail, telephone or personal visit. In the U.S., direct response is so sophisticated and huge that total sales of goods and services are approaching (may even have exceeded) $100bn, accounting for in excess of 12 per cent of all consumer purchases.

There are several reasons, notably geographic, to account for this remarkable growth of business, but it is beginning to be reflected in Britain.

According to Len Ford, director of the British Direct Mail Marketing Association, writing in the July issue of Admap: "The explosion in mail order is a phenomenon common to the West. In the U.S. they have coined the descriptive title of 'direct marketing' for what is, in effect, a posher form of mail order. It is the sort of operation huge corporations are now interesting themselves in as an alternative or supplementary method of distribution or investment.

"We have yet to see what happens to traditional, entrepreneurial and individualistic mail order traders when the corporations move in. In the States the markets are widening out so fast that there is room for everybody. It may be that it will be the same here, for everybody is convinced that the market for mail order goods will continue to expand. New customers are flocking in, many of them using their Barclaycard and Access credit cards, which is a most significant pointer to the conversion of the middle classes to mail order buying."

In order to grasp the full potential of direct marketing in Britain, says Mr. Ford, it is necessary to note the extraordinary shape of the present system of what is called mail order, no less than 90 per cent of which is accounted for by credit trading, via the catalogues of the mail order Big Six: Great Universal Stores, Littlewoods, Freemans, Grattan, Empire Stores and John Myers.

The other two streams in mail order are the speciality houses and the book and record clubs. According to Mr. Ford, UK mail order alone now accounts for at least £1.5bn worth of consumer sales and at least £30m worth of advertising. Between 1971 and 1976, he says, mail order's cumulative annual volume growth was 18.5 per cent. In 1977 it was 20 per cent. The predicted annual growth rate between now and 1980 is put at a minimum of 16 per cent, which would provide a total mail order sales figure of £2.75bn by 1980.

"Mail order is the distribution method most likely to benefit from present demographic and social life-style trends," says Mr. Ford. "The primary factor is the increase in the number of working women. They have less time to shop and more money to spend." Indeed, direct response experts reckon there is no product or service that cannot in some way benefit from their techniques, whether it be Rice Krispies, toasters, power tools, furniture, insurance, holidays or cars.

Direct response experts reckon there is no product or service that cannot in some way benefit from their techniques.

Before so very long, the marketing community will almost certainly be obliged to come to grips with electronic mail order whereby customers will use their phones as a computer link to order goods straight off the TV screen, which is all the more reason why they should get to grips with the direct response techniques that are already available.

According to Leslie Sheppard, who runs Ogilvy Benson and Mather's direct response group in London: "The real future for direct response lies in adopting the arsenal of proven response techniques to the world of 'normal' consumer and industrial advertising. Most marketing and advertising executives start with the same objective of trying to reach effectively a target group of people, to convert them to a product or service or at least increase their awareness. Yet many advertisers fail to get close enough to their prospects: they fail to find them efficiently. Direct response has few real secrets. Anyone can join in and do a fairly good job. You simply have to change your way of looking at problems—become consumer-oriented both in your media evaluation and creativity, starting from the customer's point of view and working backwards."

Mr. Sheppard quotes the example of one major UK company whose £7.25m advertising and promotional plan for 1977, targeted at home freezer owners, included 50 per cent theme advertising with nine different TV campaigns (as well as heavy use of local radio in four key areas) accounting for the bulk, plus a greatly expanded programme of consumer on-pack promotions.

"To a direct response executive that sounds like a bit of overkill," says Mr. Sheppard. Only 37 per cent of UK homes have freezers. For a mere £110,000 to £190,000, a leaflet with price-off coupons and other details could be distributed to almost every home with a freezer. Imagine the wastage using TV and radio. As a bonus, for the same £110,000 to £190,000, the exact address of the freezer owner would be recorded for future activity. Shouldn't this £7.25m advertiser be developing a direct link with its customers, at least in a test market?"

Undoubtedly it should. In time, direct response will come fully into its own. It is already widely used, but its scope for expansion is literally unlimited. Some of the businesses that should be moving much more quickly to harness the techniques of direct response were itemised — quite brutally — by David Ogilvy in his talk in London.

How about insurance companies? "I have three life insurance policies. Do my insurance companies ever write to me and sell me more insurance? Never. All they send me are notices that my *premiums are overdue. And yet* we have demonstrated that life insurances can be sold at lower cost by mail than by salesmen."

Or the banks? "Do they ever write me a letter offering to lend me money? Not on your life. Stupid."

The car makers? "I own two cars. Do the manufacturers of these cars ever use the mail to sell me a new model? Never."

The travel companies? "Every year I cross the Atlantic in the QE2. Do Cunard ever send me a *mailing about their* winter cruises? They do not. Maybe they never heard of direct mail."

Charities? "Recently I went to work for a famous charity. Do they use direct marketing to raise money? They do now, because I am on their Board of trustees. But they never did before. There ought to be a direct response professional on the Board of every charity."

Mr. Ogilvy knows a thing or two about direct response; the real surprise is that too big a majority of his advertising and marketing colleagues, particularly on this side of the Atlantic, haven't even thought of catching up.

DIRECT MARKETING II

The Post Office opens new doors

NIGEL WALMSLEY was made director of postal marketing at the Post Office just over a year ago. One of his concerns is the fact that the direct marketing industry—his phrase—has no real statistics to go on. But he produces some guesstimates: possibly some £70m is spent via *the Post Office in direct mail* advertising; it seems likely that direct mail accounts for between 7 per cent and 8 per cent of the total national spending on advertising; and between 70 per cent and 80 per cent of direct mail is done "in the house" and not through advertising agencies.

For starters Mr. Walmsley is very keen to help the industry develop a statistics base. So far this consists of the Post Office's own research, discussions with the Advertising Asso*ciation and various other trade* associations, talks with interested individuals plus some work with the CAM Foundation and Cranfield. Defining the job is the most difficult part let alone finding an organisation capable of doing the work. After all, many businesses will send out what is essentially an advertisement along with a bill and never think of it as direct mail. It follows, therefore, that the Post Office can never know just how much direct mail it carries.

Mr. Nigel Walmsley, head of postal marketing at the Post Office.

Service

But it can, and does, have a view of its role. First of all, says Mr. Walmsley, it sees itself *as a proprietor of one of the* advertising media (in this particular context). It must therefore give a service, be cost effective and be a supplement in many cases to other forms of advertising. For example the Freepost link between Press advertisements and direct mail is now worth £2m a year in turnover. If direct mail, mail order and direct response advertising are put together then the spending through the Post Office is some £130m. a year.

There are several services on offer through the Post Office. Household leaflets will reach some 10m items this year in what is a very competitive field. The countrywide sales force sells direct mail as a product. There is a rebate service with quantity discounts on a published scale (if you are very big you can negotiate your own contract); there is a deposit scheme which is really forward buying for shots; and there is the very popular first day cover service. An area for expansion might be more quantity discounting with a close look at marginal pricing opportunities.

But Mr. Walmsley is very keen to sell direct marketing as the concept—this covers the mail *out, the response and the dis*tribution (whether to retailer or customer). After all, the Post Office has a pretty good distribution system.

New facilities on the horizon include the use of telecommunications in a similar way to the Freepost. An advertiser could invite a response from, say, Padstow, to Liverpool, and the equipment would recognise the prefix so that the cost of the call would go on the advertiser's bill. This would have two advantages to the Post Office—*it should interest the* direct marketing men and raise the package-carrying business which is a big area for growth and is at present worth over £300m a year.

Another development beginning to get under way is export servicing, or fostering direct marketing export promotions. It is—or was—a complex area in that until recently it was difficult for an exporter to link with his agent over a direct response card. Now with the accelerated surface post and changes in the *regulations it is possible to set* up a local response facility from the U.K.

In Mr. Walmsley's view there is one barrier to the use of direct marketing as far as agencies are concerned—few see it as a creative opportunity. Not much attention, he thinks, is paid to the subject simply because it is seen as "light on excitement." To counter this the PO has given presentations to 200 agencies.

Fostering an understanding of the advertising opportunities in direct marketing is part of the PO's programme. It has just finished a campaign on the price freeze for this year which brought in 1,300 responses.

Incidentally direct mail costs have risen 8 per cent in three *years against a 40 per cent rise* for Press and TV.

There is also a series of conferences, workshops and case studies as part of the plan to encourage users. And in order to raise recognition of importance of creativity in direct mail the PO has been sponsoring an award at the Designers and Art Directors' annual show.

The Post Office *has built up* a mailing list of consistent users of direct marketing which now numbers 16,000. The outlook as Mr. Walmsley sees it is *of being price competitive in* the short term but in the long term it depends on the sophistication of advertisers.

As well as doling out advice the Post Office takes its own medicine. Respondents to its direct mail shots get an enormous tear-off note pad. And at the Advertising Association's conference earlier this year a breakthrough in rock technology was made: instead of having lettering all through the stick of rock what all the delegates read as they munched *away was the Post Office's* telephone number. Now that is really number crunching.

Pamela Judge

Impact of technology

A GOOD deal of ink has been spilt in recent weeks in a ritual condemnation of the lack of attention British industry pays to new technology. The matter is a serious one: but it is possible that in the service sector, less odium than otherwise might be appropriate.

For those who operate directly in the marketplace, selling goods to consumers, the benefits of a certain kind of technology have always been obvious. There are two immediate and good reasons for this.

First, the most effective marketing is done when the seller can identify his market. Classically, this may be a hit *and miss affair: he demonstrates* his product as best he can, and waits to see what the market will bear. In fact, such a classic model is rarely followed except by the very small trader. At the top end of the market, customer profiles, computerised stock control, use of address lists which are themselves computerised and matched against a range of data are now in common use, especially by the large direct mail houses.

Second, the major constraint suffered by industry—a large workforce, efficiently unionised *in most cases—is absent*, or largely absent, from most direct marketers (and from many large retailers). The considerable dislocation which new technology brings to a workforce, and the corresponding need to ensure equable arrangements if industrial disputes are to be avoided, are thus generally not problems in the service sector. Hence the introduction of new technology of a certain kind can generally proceed smoothly.

Computerisation of stock and records aids direct mail houses enormously, both by cutting down on their records in physical terms and in allowing them to effect rapid matches between the customers' desires and fulfilling their orders. The use of appropriate computer numbers on the ordering catalogues means that the order is simply checked against a stock number and sent out, while customer files can be simply and routinely updated. Naturally, this vastly improved productivity aids faster expansion both in terms of commodities offered and in terms of customers served.

More evolutionary, however, is the potential impact of a new, UK developed technology, named Viewdata Prestel, which now stands fair to becoming a source of market information within the home, allowing customers to make choices and to order from one TV screen.

Viewdata's history is a rare first for the British electronics industry, and a considerable achievement on behalf of the Post Office, which is its main developer. The programme of *development* has been going on for the past three years, and market trials are now under way. Already, the system has been sold to Germany, and further orders for the crucial "software package," which controls the system, are expected.

Modified

In outline, what happens is that the conventional television set is modified so that it can be linked through the ordinary telephone network to a series of Post Office computers. The TV screen then *displays, at the* touch of a variety of buttons, a range of information stored on these computers just as if it was an ordinary computer visual display unit.

The original idea was to create a large computerised store of information including that contained in encyclopaedias, financial information, timetables and reference materials which viewers could call up on their screens whenever they wanted to.

However, it is now being realised, by the Post Office and by potential subscribers to the new medium, that the implications are rather wider than that. Put simply, Viewdata could become more *than just a static* information store because of the ability of the system to receive information as well as to store it and supply it.

Thus, for example, much of the present classified advertising could go on to Viewdata/

CONTINUED ON NEXT PAGE

Ways to pinpoint the potential customer

THERE ARE still basically two ways of earning a living in the direct marketing world. A company can either concentrate on devising imaginative new ideas to tap previously unresponsive markets, or it can look after the bread and butter, rather mechanical, leaflets-into-envelopes side of the business. Very few firms manage to combine both services, and increasingly the industry divides.

Fortunately there are always fresh concepts to keep direct marketing moving forward. The underlying trend is to reduce the uncertainty and thus the cost, to move away, where possible, from the shot-gun method, contacting unknown millions cold, to the sniper effect, pinpointing potential customers who are known buyers of the product or service, and timing an approach when they are most likely to re-purchase. There is also more interest in isolating groups with a known, and marketable, affinity.

For example there has recently been a rapid extension in the formation of clubs. Market research revealed that there are 10m people in the UK with relatives in a Commonwealth country or the U.S. For British Airways, Qantas, and other relevant airlines, this group, and their overseas connections, offer an enormous potential for airline travel. So clubs have grown up, such as the British Airways Club, where, through advertisements, in excess of 100,000 people have been brought together and provided with regular information about travel to the particular countries they are interested in. The Club does not attempt to offer cut rate travel so much as hand holding, and a feeling of security. A similar operation binds together executives, offering them the use of VIP lounges at airports and other incentives for joining—and travelling BA.

Of course, once people are gathered together they provide an ideal market for other goods. Christian Brann, the direct marketing firm which has devised the British Airways Club, has already added luggage and calendars to the direct mail that goes to Club members. Pan Am, with its Six Continents Club, ties in with the Inter-Continental Hotel group. The Clubs make use of the "clubbability" of the British and combine a service with selling. Insurance companies, for example, are starting operations like the Over Fifties Club which helps sometimes lonely people to cope with the approach of retirement and dispenses ideas on new starts while at the same time selling relevant insurance policies.

Another new area attracting much interest among the more adventurous marketing specialists is linking the selling of goods through the direct approach with the growing popularity of credit cards. There are well over a million credit cards in existince, with more companies, like the Trustee Savings Bank, introducing a card and widening the market. For direct marketing any connection with buying by credit which can be encouraged through a mailing shot is advantageous because it means that the marketing company, on behalf of its client, can concentrate on selling the merchandise, or service, while leaving the rate of payment to the customer and the collection of the debts to another body—the credit card operators.

Within the last decade the advantages of using direct marketing for selling cars has become more and more apparent. After a house a car is probably the biggest purchase in the average householder's life and it is one that is repeated every two or three years. Car distributors have have the names and addresses of previous customers and also anyone who has made an enquiry about a certain make of car. British Leyland is just one company to compile a list of its purchasers and, through direct marketing keeping contact with them by offering services, but also, at an appropriate time, trying to enterest them in the purchase of another British Leyland car. In the same way the best direct mail companies can work for many small local car salerooms, and garages, offering savings through economies of scale by producing basic literature relevant to all customers, and timed to arrive when they should be considering buying a new car or servicing an old one.

The idea of a direct marketing company over-seeing the selling of many small and non-competitive operators scattered throughout the country serving local markets and unable to finance costly campaigns on their own initiative can be extended to other groups, such as travel agents. Once again it is mainly a case of maintaining contact with existing customers, the direct marketing company offering a computer service as well as a design and mailing facility which enables, say, the keen skier to be prompted by his local travel agent in gtod time for booking his next holiday. But at the national level both the car manufacturers and the major holiday firms have been reluctant to go in for large scale direct marketing because of their commitment to their local dealer network. However, Butlins has been successfully using direct mail for repeat business.

Another new and growing area for direct selling is the industrial field. It costs up to £20 for a salesman to call on a customer in the industrial sector while a well aimed mailing shot might be 20p. The telephone is also being increasingly used in industrial selling but as with mailing it is perhaps better for repeat, routine, buying rather than trying to get new customers from scratch. Apart from the telephone television is proving a useful medium for direct selling. Thames TV, in London, has sold wine through the direct approach but it is in the cheap, off-peak, spots offered by the regional contractors, such as Border TV, that the low costs expected by direct marketing companies can be achieved. Record compilation and recipe cards are two areas which have sales success stories through the use of television—and direct marketing.

Many of the innovations in direct marketing are in the media used, as much as in fresh market areas: it must be admitted that for many companies a list of clients would show few changes from a decade ago with publishers and book clubs, finance, and credit cards, still featuring prominently. Apart from the telephone, and television, loose inserts is another area that companies like the direct response side of OBM, probably, with Wundermans, the largest advertising agency in this field, are interesting clients. There is also greater attention being paid to more precise and accurate lists—rising postal charges have made unproductive mailings too costly—and also to joint marketing shots, and to international campaigns.

One other industry which is just starting to appreciate direct marketing is charities. Few have taken the possibilities further than the World Wildlife Fund which offers a wide range of merchandise, from bedspreads to clothes, bearing its motif. The customers know they are helping a favoured charity which benefits from the discounts it can squeeze from manufacturers. The latest tie up is with Spillers, offering Safaris in Africa for winners of an on-pack competition, but with the charity benefiting according to the size of the popular response.

Because it is hard work and the margins are traditionally low direct marketing has failed to attract some of the "whizz kids" who enjoy making a fortune from advertising. But now the agencies cannot afford to ignore this arm of selling. They might not all like it, because it links effort to results, in a way which imprecise advertising effectiveness is rarely able to do, but the successes of companies choosing the direct approach are too frequent to be ignored. As the agencies set up larger direct marketing departments so many more fresh ideas and new clients enter this so long overlooked field.

Antony Thorncroft

Technology

CONTINUED FROM PREVIOUS PAGE

Prestel. The viewer at home sees something he wants, and presses a button to indicate that he wishes to purchase it. The item could then be removed from the screen and the purchase negotiated. If it is not successfully concluded, it reappears until there is a finished sale.

Further sophistications are well within the system's competence. The viewer could indicate his creditworthiness by punching in his credit card number. Or by pressing another pre-set button, he can arrange for his name and address to be sent to the advertiser so that further details can be sent on. Or he might enter into a computerised form of barter.

A number of trades are now beginning to react, with a mixture of alarm and excitement. Car dealers, publishers, even travel agents all see possibilities and problems inherent in the system—assuming it is widely used—and are trying to get in on the act. For the customer, there are certain to be at least speed advantages (though its adoption will certainly add to cost).

For the direct mail and marketing houses, the implications are perhaps the most far-reaching of all. At the moment, they market through the means of catalogues and newspaper advertisements. Viewdata/Prestel offers a much more instant medium. A potential customer may feel like buying something. With Viewdata/Prestel, he will simply be required to translate his idea desire into the flick of a switch, and what he wishes to purchase will be displayed on his screen.

Assuming that two-way communications — or interaction, as it will no doubt be called — is possible, then he will be able to "talk" directly to the computer-stored information provided by the direct-mail house. Possibly he will wish to zero in on one commodity — ask for more information, hire purchase rates where applicable, guarantees and so forth. If he then wishes to order it, he can send the appropriate signal, possibly specifying whether he wishes to make an outright purchase or to receive it on trial.

The further advantage for the seller is that he will very rapidly be able to tell the most popular commodities he has on offer, and thus be able to stock up. However, the initial outlay on his part will be large. He must first "access" into the system — and there may be a large fee for doing so — then he must provide the information stored on his computer on an acceptable form for the Viewdata / Prestel network. Since it will be administered by the Post Office, the standards will be stringent. Yet the benefits can be seen as being enormous.

John Lloyd

DIRECT MARKETING IV

Mr. Alex Reid, of Viewdata, which may have a major impact on direct marketing.

Mail order still the major sector

DESPITE THE growth of other forms of direct marketing, the agency mail order companies remain the grand daddies of the business. One in three adults buy from a mail order catalogue using a network of close to 4m agents who are paid 10 per cent commission on everything they sell. Every day, according to the Mail Order Traders' Association, which represents the *big mail order houses*, 600,000 sales are made from a catalogue.

As the goods are all delivered *to the home, the companies are* some of the Post Office's most important clients. Though the biggest companies, like Littlewoods and Great Universal Stores, have built up their own distribution services to avoid ever being caught short again as they were in the early 1970s by a combination of a postal strike and escalating postal costs, Littlewoods alone still send 90m letters through the post each year.

Unique

To an outsider, mail order is a world apart from the rest of retailing. The companies own no shops and sell very little for cash. Their labour and fixed costs are lower than for High *Street retailers, and while other* traders may tinker with their profit mix by adjusting the odd *price, the mail order companies* have to set their prices—and stick to them—up to nine *months ahead of* the date on which the goods are finally sold.

The agency mail order companies have a *unique way* of doing business which distinguishes them from the *smaller companies which only* use advertisements as a means of building sales. For the *agency companies vast glossy* catalogues sent out twice a year are both their shops and their *shop windows. No amount of* promotion can make up for a poor catalogue as Grattans *found to their cost last year.* Customers can explore the range of goods on offer at their *own leisure, and, perhaps most* importantly of all in their own homes. It is this convenience *factor which, the companies* say, is one of their main advantages over the High Street trader.

Equally important are the armies of agents who collect the *orders. Though the agent* is not liable by law for a customer's debt, the agency system, *which is built largely on friend*ship, can, when it works well, provide a highly personal credit *vetting system which no other* large retailer could imitate. Not that today an agent's evaluation of a customers' creditworthiness is enough for the big companies: all now have sophisticated computer checking facilities.

Nevertheless, the agents still perform a vital function and the companies are constantly trying to maimise sales through individual agents. The attraction to the agent is primarily the discount she gets on the *goods she orders for herself.* She is paid no salary or social security benefits and, since very *few have a really sieable net*work of customers, makes very little on commission.

The other unusual aspect of mail order is, of course, credit or, to be more precise, what the mail order companieh like to call "free credit." The vast majority of goods bought through catalogues are sold on credit. The cost of the credit is built into the prices, and the size of the weekly instalments can be more important to customers than the final total.

It is largely because of this offer of credit that the myth has grown up that mail order does best when the rest of retailing is in the doldrums. The argument goes that when consumers *are short of cash, they are more* likely to buy on credit than in times when money is a bit *easier. To some extent this* may be true, but as all the mail order companies point out, no trader *does really well out of* a recession. Certainly the mail order houses may have been less affected by the price war than high street traders but at the end of the day consumers only have so much money to spend an dthe mail order companies have to fight with every high street trader to make sure they get that money.

*Even so, the mail order sec*tor has been less badly hit in terms of sales than some other sectors of retailing. The picture does not look quite as bright for the mail companies as it did before the Department of Trade and Industry admitted that it made a serious statistical error with the figures. But even after this error had been corrected, the mail order sales were found to have outstripped those of most other shops last year.

Mail order sales ended up 1977 10 per cent up on the previous year in terms of value. This was a far bigger increase than recorded by department stores — the shops which sell the most comperable range of merchandise—or durable goods shops. This was despite the fact that the mail order companies did not really benefit as much as some High Street shops from the Christmas spending spree because shoppers did not really *get into the spending mood* until December when most the Christmas mail order goods have *already been sold.*

As a result the mail order companies increased their share of total retail sales. Whereas in 1975, the mail order companies took a smaller share of the total retail cake than the department stores, with around 4 per cent of sales, last year they came close to overtaking the department stores with a share of about 4.8 per cent.

Around 90 per cent of this business was done by the six *big companies—Great Universal* Stores, which operates the five British Mail Order Company catalogues and Kays of Worcester, Littlewoods, Grattan, Freemans, UDS and Empire Stores. *Because Littlewoods* is a private company (probably Britain's largest) and GUS does not break down their figures in any great detail, it is difficult to be precise about market shares within the mail order sector but what is clear is that last year it was Littlewoods which was setting the pace.

Inflation

Mail order sales can be "*bought*" *by heavy advertising* and recruitment. In 1974 most of the big companies put on the brakes because, with higher postal costs and interest charges and rocketing inflation, it simply was not worth chasing growth. But last year, Littlewoods was selling hard with Empire and Freemans also pushing strongly for sales too. Littlewoods managed to *notch* up a very respectable volume increase in sales despite the depressed *state of retail sales* as a whole.

Sales this year have been encouraging *so far. While other* retailers complained that demand tailed off again in February, the mail order companies seemed to be pleased about the way it had started, and the City at least seems to be looking for *volume gains in the sector for* the whole of the year.

One cloud on the horizon is the EEC's proposal for controlling doorstep selling. Though the industry would survive if the proposal became law, it would necessitate major changes in its traditional method of operation. The British mail order lobby has fought a strong campaign to *fend off such legislation* in Brussels and the signs, at least in Westminster, are that it has *succeeded in getting its case* across.

Elinor Goodman

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

TV REVENUES/Harold Lind

Clearing the picture

INFLATION IS NOT only a thief, it is a liar. As well as making us poorer, it confuses and misleads us until we become incapable of perceiving real values. Since our ability to comprehend the present and plan for the future depends on our sense of perspective, we must find a way of looking at economic indicators as they are, not as inflation makes them appear.

For anyone with an interest, professional or academic, in trends in advertising revenue, the most important indicator to watch is that for TV advertising revenue. There are two reasons for this. First, accurate monthly figures of revenue for the ITCA companies appear within about three weeks of the end of the *month—as opposed, for instance,* to the Press, where similarly accurate figures may not appear for six months or more.

The second reason is that television advertising is one of the earlier movers in the advertising trade cycle. We may not know exactly when or exactly to what extent other areas of advertising will follow the lead of television, but we can be reasonably certain that before long, and to some extent they will. This makes it all the more important to get a clear understanding of the real position of TV advertising, uncorrupted by the excrescences of inflation.

The attached table presents one means of doing this. It shows the quarterly figures for TV revenue since 1969, adjusted for inflation (using the retail price index as the base) and also seasonally adjusted. There are a number of methods of adjusting figures for inflation, each producing something slightly different. By using the retail price index, we show the amount of real resources or buying power going into TV advertising each quarter, and in this way can judge how good or bad a quarter really is.

By comparing the first and second columns in the table, the former showing actual TV advertising figures (on AA definitions) and the second the same series adjusted seasonally and for inflation, we can see how misleading the former can be. To give just one example, between the first quarters of 1971 and 1972, advertising expenditure rose by £5m or 15 per cent, while between the first quarters of 1974 and 1975, expenditures rose by £7m or 20 per cent. But looking at the second column we find that the increase in real terms between the first two years was more than 10 per cent, while there was no increase at all between the latter pair of years.

To the historically minded, the figures must raise a number of highly interesting questions. Contrary to general belief, 1974-75 was not the worst period on record for TV — in real terms 1970 was the worst year of the series, which raises the fascinating question as to why the economic slump beginning in 1974 affected television less heavily than the much milder one of 1970-71. Probably the answer has something to do with the wider base of product categories now using TV advertising than was the case at the beginning of the 1970s; if this is so, it affects significantly estimates of the future progress of TV advertising, to say nothing of the viability of a second commercial channel.

TELEVISION ADVERTISING

Quarters	Actual revenue, AA definition (£m)	Seasonally adjusted in 1970 prices (£m)
1969	30	32.0
	31	32.1
	23	30.3
	32	29.0
1970	26	26.4
	29	28.4
	23	28.4
	34	28.6
1971	33	30.7
	32	28.6
	26	29.1
	37	29.0
1972	38	34.2
	39	33.0
	31	32.2
	50	35.4
1973	41	36.0
	49	37.7
	41	37.5
	58	36.2
1974	35	28.5
	45	30.0
	40	31.0
	56	29.0
1975	42	28.5
	50	27.0
	46	28.0
	70	29.0
1976	55	30.0
	72	32.5
	56	31.0
	86	31.5
1977	75	34.5
	90	34.5
	72	34.3
	114	37.3
1978	97	41.0
	102	36.5

We could raise many more historical points, but the practical advertising man has evolved with a massively short memory and is rightly more interested in the present as a guide to the immediate future. The speed with which television statistics are produced means that we can already look at the first two quarters of 1978, and a most interesting exercise this proves to be. Everyone believed the first quarter of 1978 to have been a very good one for television advertising; these figures demonstrate just how good it was.

Adjusted for inflation and seasonally adjusted, it proves to be the best quarter for TV revenue in the entire series — indeed the best by a very considerable margin. The next best quarter, quarter two of 1973, was almost 9 per cent lower.

Appreciating the quite exceptional nature of the figure for the first quarter of 1978 helps *put the second quarter figure in* some sort of perspective.

Two points must be made about this figure. First, the fall in real terms between the first and second quarters of 1978 is the *second biggest on record,* exceeded only by that from the last quarter of 1973 into the quarter of the three day week. This appears to be rather a devastating statistic, but is made less so when we actually look at the amount of advertising revenue for the second quarter. In spite of the fall from the first quarter, it is still the fifth best of the series, exceeded only by the previous two quarters plus two quarters in 1973.

This leaves us with a pretty question. Can we expect the next set of television figures to *continue the quarterly rate of* decline of the last one, in which case we would have a figure on AA definitions of under £70m for the quarter (under £60m on the ITCA's net basis), or do we expect the comfortable annual increase shown in the second quarter on a year earlier (almost 6 per cent) to continue into the third quarter, in which case we *would get a figure on the AA's* basis in excess of £80m?

The answer is likely to have far-reaching implications both for television advertising and for the rest of the advertising industry. At present I am in the process of producing the next Advertising Association forecast, and I do not intend to prejudge it by giving my guess at the answer. But it is worth emphasising that the real, seasonally adjusted figures shown here make it much easier to ask sensible questions when forecasting likely advertising expenditure levels.

Current U.S. theory holds that profound changes in women's lives may be the single most important missing factor in most marketing programmes.

MICHAEL THOMPSON-NOEL reports

Misunderstanding women

'We can no longer assume that every bride automatically becomes a full-time housewife. Living happily ever after does not necessarily mean staying barefoot and pregnant'—Rena Bartos

IT WAS THEODORE LEVITT, rushing to defend the housewife's redundant accumulation of over-advertised, undistinguished floor waxes that work faster than fast, last longer than long and clean easier than easy, who observed that she needed precisely the miracles that the adman promises. Her endless, repetitive, awful routine, he thought, contrasted violently with that of her sporty spouse tripping gaily home from work after a restful day at a sedentary job in an air-conditioned office surrounded by efficient secre*taries and other paid performers.*

No wonder Mr. Clean, the muscular Turkish eunuch of televisionland, was so eagerly welcomed into the house, wrote Mr. Levitt. No wonder Mr. Clean's multi-armed, ambidextrous competitor, Handy Andy, was such a dear attraction. The harried housewife needed more than help. She needed miracles.

But who, today, is the housewife? There is a growing realisation in the U.S. that what every marketeer should know about women needs drastic updating—that the profound rise *in the number of* working women has not yet been absorbed by marketing men, despite their trend charts and sales info, their inexhaustible research data and lust for demographics. According to current U.S. thinking, profound changes in women's lives may be the single most important missing factor in the majority of marketing programmes, simply because marketing departments are still under-estimating the number of working women, over-estimating the number of full-time housewives, and failing to distinguish the qualitative changes that have occurred among both.

What holds good in the U.S. does not always hold good in Britain, but in this case there is no evidence to suggest that it does not. In other words, marketeers on both sides of the Atlantic are almost certainly still clutching to outmoded assumptions about the fairer sex.

According to Rena Bartos, a senior vice-president at the J. Walter Thompson Company in New York, the current, unspoken assumptions on which many marketing plans are based represent a static, monolithic view of society that "assumes that everyone is cut out of one of a few cookie-cutter patterns and that nothing really changes. Marketing programmes built on this kind of perspective cannot *reflect the diversity of different* life-style groups. . . ."

Writing in the Harvard Business Review, Ms. Bartos lists the following cookie-cutter target groups: *Any housewife, 18 to 49 (the key customer for all house*hold products and foods: her motivations include winning her husband's/children's approval of her competent housewifery). *Any male head of household, 34 to 49 (the key customer for all big*ticket items—cars, business travel, financial services. His motivation? Status, achievement and protection of his dependents). *Any girl, 18 to 25* (the key customer for cosmetics, perfume, fashion. Her motivation is to get a man). *Any man, 18 to 34* (the key customer for sports cars, beer, liquor, toiletries. His motivation? To have fun, win girls).

Ms. Bartos does not at all care for these brutally arrived at targets. "The one characteristic that all these marketing targets *have in common is that no one* is ever over 49 years of age. In addition, marketers take for granted the conventional wisdom that brand choices are formed early and that younger families represent higher volume potential."

To illustrate her contention that any practical-minded marketer can challenge the assumptions on which past market definitions are based and then re-align his or her marketing procedures with reality, Ms. Bartos concentrates on the traditional target group, *any housewife, 18 to 49.* Consulting Bureau of Labor Statistics as at June, 1977, Ms. Bartos concludes that even well-informed marketers consistently understate the number of women at work. "In 1976, only 39 per cent of U.S. women were full-time housewives. Once we remove the schoolgirls and the grandmothers from the picture, we see that the ratio of working women to housewives is 55 per cent to 45 per cent."

Contrariwise, the housewife market is "far greater than the size assumed by marketers who define housewives only as full time housekeepers . . . It includes another 31 per cent of *American women who are work*ing and married; it also includes the 13 per cent of women, unmarried and working, who are household heads."

Without worrying ourselves to pieces with the demographics, we can look at how Ms Bartos subdivides housewives and working women into what she regards as four perfectly distinct segments, each worthy of highly individualistic marketing attention. Using official statistics as well as the research findings of the Yankelovich Monitor, Ms. Bartos says the following sub-groups *can be identified, none of whose* members can be described as sisters-under-the-skin when it comes to buying products: stay-at-home housewives (30 per cent), "plan-to-work" housewives (15 per cent), "just-a-job" working women (36 per cent) and career women (19 per cent).

These groups shop differently and buy different brands. They use the *media differently.* They are motivated differently and given to different life-systyles.

In looking at their differences, Ms. Bartos examines three of marketing's most cherished clichés.

The first is that the traditional housewife is house proud while the working woman wants convenience. But the facts challenge the assumptions. The data shows that the stay-at-home housewife is slightly *below* the norm in her use of floor wax and rug shampoo and barely above the norm in her use of furniture polish.

The *second cliché is that* women may pick the colour of *the upholstery* but that it is men who make car-purchase decisions. "An examination of the facts shows that while women are not, *as yet, equal to men in their* importance to auto makers, their importance is growing fast. They now account for about 40 per cent of (all) automotive purchase decisions . . . the career-orientated working woman emerges as the heroine of the car advertiser. She is far more likely to have shared in the purchase decision than the average woman in any of the other three groups."

Cliché No. 3 is the assumption that the business traveller is a man. "This assumption holds up if business travel is analysed on *sex alone; for example,* 17 per cent of all men as compared with only 5 per cent of women have travelled on business in the United States. But the assumption does not hold up if career women are distinguished from other women. As travel customers, career women are somewhere between 70 per cent and 94 per cent as important as men in their business travel activities."

(As it happens, a survey recently carried out for IPC Women's Magazines in Britain has confirmed the major influence now exerted by women in the holiday travel market; 75 per cent of married women in this country now say they are directly involved in deciding where a holiday should be taken.)

Ms. Bartos stresses that keeping up with changes in the marketplace is not particularly onerous. The process, she suggests, is simple: (1) Re-examine *the assumed target.* "Does a review of both the hard and soft data suggest that some groups within our society are changing or represent departures from the monolithic norm? In the case of women the answer is a resounding Yes." (2) Evaluate the market potential of new target groups. (3) Develop a fresh perspective. (4) Explore the attitudes and needs of the new groups. (5) Re-define the market targets.

It really isn't difficult, although as Ms. Bartos says, the first marketers who rise to the *challenge of closing the gap* between the realities of social change and their own marketing procedures are invariably the ones who reap the benefits of new opportunities.

According to Byron: "There is a tide in the affairs of women, Which, taken at the flood, leads —God knows where." We can presume, however, that not many marketing men have read *Don Juan.*

More Tesco money for McCann

TESCO HAS checked its £1m Home and Wear TV account out of Interlink and into McCann-Erickson, which means the McCann group is now responsible for Tesco's total ad budget, expected to be worth £8m-plus this year.

McCann chairman Nigel Grandfield said last night that group billings in the current year are well on course for £75m.

The Tesco account ranges across the supermarket chain's day-to-day local and national Press advertising, TV, the opening of new stores as well as staff recruitment. McCann's was first *brought in to advise Tesco during* the period last summer when it dropped Green Shield stamps and launched the High Street into its price war.

Heater wars

YOU'D HAVE THOUGHT by now that *Star Wars* had burnt itself out and that advertising and sales promotion agencies were busy scanning new galaxies for sales ideas. On the contrary: *Star Wars* lives. The original, a dollar-nova if ever there was one, is still doing record business, while work on *Star Wars 2* is now in progress.

Thus it came to pass that a Heater Wars theme featuring Cheap-Heatio and Mighty Warm *has just won an unusual panel* competition to choose an agency staged by Valor which this autumn is running a £300,000 TV and Press campaign for paraffin heaters.

Seven agencies, ranging from big to small, were invited to pitch, none of which was allowed to reveal its identity to the selection panel of ten. The *agencies not only had to win* across Valor chairman Michael Montague and managing director *Bob Ing, but had to convince a* man from Esso, a home *economist, a hardware magazine* editor, an outside PR consultant, a hardware wholesaler, two *export men and a retailer with* 3,000 shops.

Yet the pitch progressed smoothly enough. The panel was unanimous — a Heater Wars theme, presented by Charles Barker, Blank and Gross of Birmingham, was regarded as "completely outstanding." In the course of the campaign, Cheap-Heatio and Mighty Warm will be dispatched to Earth to banish low temperatures and high heating costs.

Well . . . how would *you* sell paraffin heaters?

White Paper on Broadcasting: P. 8

Life Savers looks for £14m bubble

By Pamela Judge

LIFE SAVERS UK is hoping to attract the 16-to-30-year-olds with the introduction of Bubble Yum Spearmint alongside Bubble Yum fruit flavour. According to the company, Bubble Yum is now the country's leading bubble gum. It was launched in May, backed by a £1m TV budget.

The company, a subsidiary of Life Savers Inc., part of the Squibb Corporation, is predicting a 100 per cent increase in UK bubble gum sales this year to £14m and expects this to rise to £30m by the end of next year.

● NET TV advertising revenue in June was £23.7m compared with £20m in the same month last year, a rise of 18.5 per cent.

● HOWELL JONES Schneider Weaver is to handle advertising for Vingresor UK, the Swedish SAS-owned direct selling holiday company which is entering the British market.

● FISHER-PRICE is raising its *Christmas* TV spend by over £200,000 to £478,000. Agency: FGA-Kenyon and Eckhardt.

● BOOTS COMPANY'S industrial division has appointed Roe Downton to undertake an area of new product development.

LOMBARD

Taking a punt on the snake

BY ANTHONY HARRIS

EUPHORIC IS the word for it. Dublin has suddenly become a centre of the rosiest optimism. Speculation that the fault which contains BP's rumoured Atlantic oil field extends as far south as Galway Bay is part of it. Oil can be a bonanza for the Irish in more ways than one. In Bantry Bay, for example, they only refine the stuff: but when there was a spill there two or three years ago, the biggest fishing fleet seen in the bay for many a year appeared as if by magic, as every available boat rushed to dip its nets in the blessed slick. The Irish, as the authorities in Belfast well know, have a quick eye for compensation.

However, if Galway Bay might one day enable the Irish to look Britain in the eye as an oil producer, Mr. Jack Lynch has raised even more seductive thoughts with his talk of supporting Chancellor Schmidt's snake proposals whatever the British decide to do about it. This is not looking Britain in the eye, but spitting in her eye, and it has gone down big. The trade unions are reportedly interested in the possibility of reduced inflation. Dublin brokers ring their London counterparts with conspiratorial offers of D-mark securities at sterling interest rates, and development authorities from Cork to Shannon are no doubt dreaming up new brochures offering currency stability as an added attraction for investors.

Agricultural

There are certainly some obvious attractions in cutting off the Irish pound—or the punt, as it is known if you have the Irish—from the sterling variety. Ireland is still predominantly an agricultural exporter, and under the existing EEC rules a strong currency attracts subsidies for farmers, and a weak one for consumers. The butter-smuggling trade which has flourished along the border with Ulster (butter-smuggling has always been a hazard of EEC farm rules, and used to cause a lot of skulduggery along the Dutch-Belgian border) would no doubt blossom into huge cross-border shopping expeditions, like a French raid on Marks and Spencaire, to the great benefit of mutual understanding. And there may indeed be something in the argument that European investors are put off by the fear of falling currency values.

At the same time, the practical difficulties are, to put it mildly, forbidding. The British and Irish economies are so closely intertwined that unwinding the resultant tangle would be a task for several years. Britain provides employment for upwards of a million Irishmen, who are accustomed to spending their pay packets indifferently in either country. The currencies circulate freely on the other side of the water (though anyone who has tried to spend an Irish pound in London—except at a Moodies' pub—may understand a certain amount of Irish chauvinism). Indeed, at the time of the two prolonged Irish bank strikes the acceptability of English pounds, brought over by the million, did a good deal to keep the Irish economy running.

Rather more seriously, the unity of the two economies has enabled Ireland to run a balance of payments deficit and indeed a Budget deficit which would rapidly whiten the hair of any central banker in a country which was not, in effect, a region in a much larger economy. It is hard to imagine that arrangements within a European snake would be quite so lackadaisical, let alone virtually automatic; and despite British interest rates—and sometimes worse-than-British inflation rates—the Irish economy has done very well under the combined blessings of the EEC farm policy and open access to London finance. As a loophole in sterling monetary policy, Ireland is small enough to be tolerated with good humour. As a loophole in exchange control—however mistaken that control may be in itself—Ireland would pose much more serious questions to the British authorities.

However, whether all the talk results in anything or not, and the Irish are great talkers, it is a worthwhile reminder of one or two facts about that attractive and incomprehensible country. First, EEC membership has been a tremendous success over there (apart from fishing policy—John Silkin is easily the most popular Englishman in Ireland along the coast). They take it very seriously, and feel and think European with an enthusiasm we cannot even imagine here. They see a lot of the Europeans, especially visiting fishing boats, and it is probably easier to spend say Dutch florins in a place as remote as Bantry or Baltimore than in any town on the English coast. And they are being successful—even attracting back old emigrants. The Irish population has been growing for the first time since the potato famine. Mr. Lynch's gesture may not result in action, but it is a useful reminder that the republic is now a great deal more than the southern end of the Ulster problem.

Determining the status of the union

UNION recognition by employers involves such serious consequences that it should not be held to be established unless the evidence is clear, said Lord Denning, Master of the Rolls, when dismissing the appeal by the National Union of Gold, Silver and Allied Trades last Monday.

Leave to appeal to the House of Lords was refused and unless the Law Lords allow the appeal, the long drawn out dispute between Albury Brothers, Birmingham jewellery makers, and the union has ended. It provided the Court of Appeal with the first opportunity to make a binding interpretation of Section 11 (2) of the Employment Protection Act, 1975, according to which "recognition" means "the recognition of a trade union by an employer, or two or more associated employers, to any extent, for the purposes of collective bargaining."

There has been a rare unanimity between the industrial tribunal which decided the dispute in the first instance, the Employment Appeal Tribunal and the three appeal judges. They all said "no" to the two questions of law involved in this dispute.

The first question was whether correspondence and one meeting between a trade union representative and employers, which did not lead to any agreement, was enough to constitute "recognition." It was of some significance that not one of the 55 employees in the company had been a union member until two days before Mr. Shakeshaft, the union's district secretary, wrote to Albury Brothers asking for a meeting to discuss wages and conditions of employment. The meeting was between Mr. Albury and Mr. Shakeshaft and they discussed the wages of one of the 20 trainees of the firm but failed to reach any agreement. The courts held that this did not amount to a recognition of the union by Albury Brothers.

The second question was whether Albury Brothers had not—as a member of the British Jewellers Association, which belonged to the British Jewellery and Giftware Federation—"automatically" recognised the union. There was a written agreement between the Federation and the union providing guidelines for wages and conditions of employment throughout the industry. But this agreement made it quite clear that it was not binding on individual employers unless they had made separate agreements with their own workers.

The Court of Appeal held that neither the direct contacts between Albury Brothers and the union, nor the company's membership of the Association constituted an actual or implied agreement on recognition. To make it possible to say: "The trade union and the employer have mutually recognised each other for the purpose of collective bargaining," the company would have to have clearly and distinctly expressed its intention by conduct or otherwise.

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

* * *

AN EMPLOYERS' erroneous belief that an employee is no longer a member of the union justifies his dismissal by a company operating a closed shop, according to a decision of the Employment Appeal Tribunal in Lakhani v. Hoover Ltd. In a judgment of 26 June, 1978, the Employment Appeal Tribunal held that the subjective state of the employer's knowledge was of decisive importance when considering whether the dismissal was fair according to the Trade Union and Labour Relations Act, 1974. This says in paragraph 6(5) of the First Schedule that where there is a closed shop, it is fair to dismiss a worker who is not a member of the union.

Mr. Lakhani was expelled from the National Union of General and Municipal Workers after withholding his dues over a grievance he wanted the union to investigate. In consequence he was dismissed by Hoover, who operated a closed shop. But the matter did not end there. Mr. Lakhani's expulsion from the union was subsequently invalidated in the High Court when it was found that the union had acted in excess of its powers. The court declared that Mr. Lakhani had never ceased to be a union member and awarded him £2,000 damages to be paid by the union. He then asked an industrial tribunal to say that his dismissal was unfair because he was in fact a union member at the time, even though Hoover genuinely believed that he was not.

The industrial tribunal decided that Hoover had done only what Parliament would have expected it to do in such circumstances, even though the Act was perhaps not quite clear on this point. The Employment Appeal Tribunal confirmed this decision but criticised the industrial tribunal for attempting to rewrite the Act. Such activities should be left to the Court of Appeal and to the House of Lords, it said. The industrial tribunal could have simply relied on Lord Justice Cairns' definition: "A reason for the dismissal of an employee is a set of facts known to the employer, or it may be of beliefs held by him, which cause him to dismiss the employee."

* * *

INTENTIONS, however, do not count so much as beliefs. On July 11, shortly after the Employment Appeal Tribunal attached such importance to the state of the employer's mind when dismissing an employee, the Court of Appeal disapproved of a somewhat similar tolerance to an employer's subjective attitude in a sex-discrimination case. It upheld the appeal of Mrs. Karen Fletcher who asked Clay Cross (Quarry Services) to pay her the same higher wage given to a newly hired male clerk.

The employer's defence was that it never intended any discrimination but that the only suitable applicant to answer the advertisement would not take the job at the wage paid to Mrs. Fletcher and another woman, both doing the same work. The Employment Appeal Tribunal thought the issue depended on the employer's state of mind and reversed the industrial tribunal's decision which was in favour of Mrs. Fletcher. But the Court of Appeal reinstated it. There was no "material difference" between the jobs. All that mattered was the qualification and skill of the employees and not the state of the labour market and the circumstances in which they came to be employed.

Young Generation looks best of young generation

RACING

BY DOMINIC WIGAN

JUDGED by the way he ran away with the Richmond Stakes at Goodwood yesterday, Young Generation, Guy Harwood's Balidar colt, could well now be the leading juvenile in the country.

There have certainly been few easier winners of the Richmond; the locally trained bay's manner of winning was gained with every bit as much style as last year's unlucky-in-running hero Persian Bold.

Slowest out of the stalls, Young Generation (an April 29 foal) and the youngest member of the five-runner field, quickly got on terms with the uneasy favourite, Moulin, and the pair proceeded to race on the heels of Historian, Nocturnal Boy and Sander's Lad, who all fought for the early initiative.

Two furlongs from home Moulin was finding nothing under hard driving from Edward Hide (and looking none too enthusiastic) and only a few strides later the man of the moment Greville Starkey brought Young Generation with an apparently effortless run to the stands side of the leading trio.

Lengthening his stride with the hallmarks of a really good colt, Young Generation, a 9,000 gns. yearling purchase out of that valuable Shantung mare, Ҭig O'Doon (already responsible for Beldale Record) quickly forged clear to win as he pleased.

A fast improving sort whose previous success came in a modest maiden affair at Sandown, Young Generation should prove difficult to contain in whatever company he takes on in the remainder of the campaign.

Turning to today's programme on the Sussex course, it may well again be another good day for Starkey. The pair trained by Michael Stoute, Anthony James, in the Foxhall Stakes, and Music Maestro, who goes for the King George Stakes, both appeal as likely winners. I feel sure we have yet to see the best of Music Maestro this season, and even if Anthony James fails, the King Stand Stakes third should give Starkey his 50th home win this season.

In a tricky race for the Lanson Campagne Stakes, I marginally prefer Buckland to Historian's stable-mate Troy.

GOODWOOD
1.45—Anthony James
2.15—Buckland*
2.50—Kerkorian**
3.20—Arapahos
3.50—Music Maestro***
4.20—The Goldstone

REDCAR
2.30—Nadwa
3.00—Flying Empress
4.00—Braemore

DONCASTER
6.45—Olympic Loser
7.10—Senator Sam
8.10—Wharton Manor

TV/Radio

†Indicates programmes in black and white

BBC 1

7.05 am Open University (Ultra High Frequency only). 9.55 Magic Roundabout. 10.00 Jackanory. 10.15 Pink Panther. †10.35 Belle and Sebastian. 11.25 Cricket: First Test—Cornhill Insurance Test Series, England v New Zealand. 1.30 pm Mister Men. 1.45 News. 2.00 On the Move. 2.10 Cricket: First Test/Glorious Goodwood. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Laff-a-Lympics (cartoon). 5.05 We're Going Places. 5.35 The Wombles.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 Holiday Report
7.00 Dr. Who
7.25 Top of the Pops
8.05 Wildlife on One
8.30 Citizen Smith
9.00 News
9.25 The Songwriters (The story of Lennon and McCartney)
10.20 I, Claudius
11.10 Revolution
11.40 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 7.00 Heddiw. 11.10 Ar Glawr. 11.40 News and Weather for Wales.

Scotland—5.55 Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University
11.00 Play School (as BBC-1 4.20 pm)
2.00 pm Glorious Goodwood
4.30 Cricket: First Test, England v New Zealand
6.35 Open University
7.00 News on 2 Headlines
7.05 The British Connection?
7.30 News on 2
7.40 Gardeners' World
8.05 Top Gear
8.30 BC: The Archaeology of the Bible Lands
†9.00 Midweek Cinema: "Gaslight" starring Anton Walbrook and Diana Wynyard.
10.35 Jorge Luis Borges, long-time favourite for the Nobel Prize
11.05 Late News on 2
11.15 Cricket: First Test highlights
11.45 Closedown, reading

LONDON

9.30 am A Place in History. 9.55 Paint Along with Nancy. 10.20 The Undersea Adventures of Captain Nemo. 10.30 Spiderman. 10.55 National Film Board of Canada presents 'Castleguard Cave.' 11.45 Cartoon Time. 12.00 Little Blue. 12.10 pm Rainbow. 12.30 Doctor! 1.00 News plus FT index. 1.20 Help! 1.30 Young Ramsey. 2.35 Racing from Redcar. 3.50 The Sullivans. 4.20 Children's Film Matinee: 'Bugles in the Afternoon.'
5.45 News
6.00 Thames at 6
6.35 Cartoon Time
6.50 Crossroads
7.15 Leave it to Charlie
7.45 "Never Mind the Quality, Feel the Width" starring John Bluthal
9.30 Great Expectations
10.00 News
10.30 Miss Universe
12.00 What the Papers Say
12.15 am Close: Xanthi Gardner reads from 'The Prophet' by Kahil Gibran

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Animated Classic. 11.10 Space 1999. 1.25 pm Anglia News. 1.30 The Entertainers with Alan Price. 2.00 Women Only. 4.20 Solo One. 4.45 Westway. 5.15 Bygones. 6.00 About Anglia. 6.35 Arena. 10.30 Lifestyle. 11.00 What About the Workers. 11.30 Chopper Squad. 12.25 am The Living Word.

ATV

10.20 am Music at Harewood. 10.45 Battle Ground. 11.10 Spiderman. 11.30 Stars on Ice. 11.55 Adventures of Parsley. 1.20 pm ATV Newsdesk. 1.30 England Their England: Here To Stay. 3.50 Quick On The Draw. 4.20 Solo One. 4.45 Three For The Road. 6.00 ATV Today. 10.30 Gardening Today. 11.00 Dan August.

BORDER

10.20 am Certain Women. 11.10 Clapperboard. 11.35 Wildlife Cinema. †1.20 pm Border News. 4.20 Code R. 5.15 Solo One. 6.00 Lookaround Thursday. 10.30 Festival. 11.00 Gibbsville. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 The Flintstones. 6.00 Channel News. 6.10 Island of Adventure. 6.35 Summer Diary. 10.28 Channel Late News. 12.00 The Andy Williams Show. 12.25 am Actualities et Projections.

GRAMPIAN

9.25 am First Thing. 10.20 Cash and Company. 11.05 The Company Men. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 Audubon—Wildlife Theatre. 6.00 Grampian Today. 6.10 Farming News. 6.15 Flair. 12.20 am Reflections. 12.25 Grampian Late Night Headlines.

GRANADA

10.20 am Return to the Planet of the Apes. 10.40 The Lost Islands. 11.05 The Beatles. 11.25 Skippy. 11.45 Kathy's Quiz. 1.20 pm This is Your Right. 4.20 Little House on the Prairie. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 On Site. 10.30 What's On Special. 11.00 What The Papers Say. 11.30 The Law Centre. 12.30 A Little Night Music.

HTV

†10.20 am "Things to Come" starring Raymond Massey and Ralph Richardson. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Out of Town. 2.00 Women Only. 3.50 Beryl's Lot. 4.20 Cine Club. 4.45 The Flintstones. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 6.45 Survival. 10.35 What About The Workers. 11.05 Law Centre.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau ...

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast
† Medium Wave only

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Ed Stewart with the Radio 1 Roadshow from East Mersea Camp Site, Essex. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat ...

RADIO 2

RADIO 3

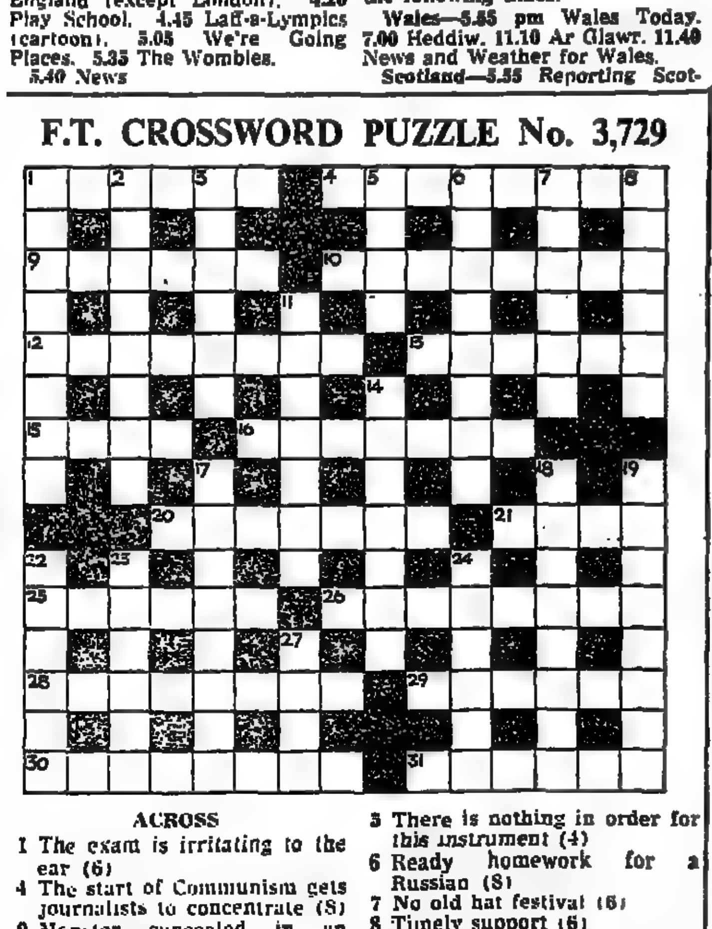
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,729



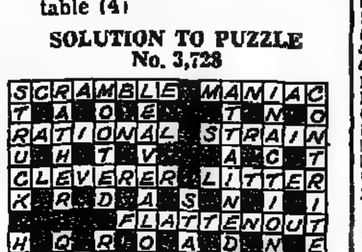
ACROSS

1 The exam is irritating to the ear (6)
4 The start of Communism gets journalists to concentrate (8)
9 Monster concealed in an exotic flower (6)
10 Conifers somehow connected with the courts (8)
12 Easy or unopposed victory (4-4)
13 One is to be found at Lords, and there is one in town (6)
15 Sound direction for a ceremony (4)
16 "Pipe to the spirit — of no tone" (Keats) (7)
20 A favour, first or second, scores if unreturned (7)
21 Authoritative prohibition means nothing to a member of the R.C.V.S. (4)
25 A dilemma abroad we must get rid of (3, 3)
26 A number before a town show stubbornness (8)
28 The right scores if nearly all from Wagner (8)
29 Entirely understood by Caesar (2, 4)
30 Odd little things of solar desiccation (8)
31 Swift dash—the bare essential (6)

DOWN

1 Beetle not affected by power cut (4-4)
2 Let a case possibly increase in intensity (8)
3 Like 1 across but of lighter colour (6)
5 There is nothing in order for this instrument (4)
6 Ready homework for a Russian (8)
7 No old hat festival (6)
8 Timely support (6)
11 Release from duty for a steward about fifty-one (7)
14 Label for one who perseveres (7)
17 Unusual exercise for copper and story-teller (8)
18 Given half a start an upset lone Indian appears (8)
19 Flawlessly carried out—not a drop of ink, please (8)
22 Looks open-mouthed about the right fruit (6)
23 A king from Borneo (6)
24 Take the girl in to get the bird (6)
27 Sounds just the food for the table (4)

SOLUTION TO PUZZLE No. 3,728



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

THEATRES

CINEMAS

ODEON HAYMARKET (930 2738-2771). Jane Fonda Vanessa Redgrave in a Fred Zinnemann film JULIA (A). Sep. progs. Dly. 2.30 (Not Sun.), 5.45, 8.45. Feature Dly. 2.45 (not Sun.), 6.00, 9.00. All seats bkble. at theatre.

ODEON MARBLE ARCH W2. (723 2011-2) CLOSE ENCOUNTERS OF THE THIRD KIND (A). Sep. progs. Dly. Doors open 1.05, 4.15, 7.45. Late show Fri. & Sat. Doors open 11.15 pm. All seats bkble.

PRINCE CHARLES, Leic. Sq. 437 8181. MEL BROOKS HIGH ANXIETY (A). Sep. perfs. dly. (inc. Sun.) 2.45, 6.15, 9.00. Lte. show Fri. and Sat. 11.45. Seats bkble. Lic'd bar.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	4.30	14.00
Residential Property	2.40	9.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses For Sale/Wanted	3.25	10.00
Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	12.00
Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

Premium positions available
(Minimum size 40 column cms)
(£1.50 per single column cm extra)
For further details write to:
Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY.

Wigmore Hall

Borodin Trio

by DOMINIC GILL

Tuesday's evening's recital at the Wigmore Hall's summer festival of chamber music marked the first appearance in this country of the Borodin Piano Trio—although their violinist, Rostislav Dubinsky, is well known to us already as the distinguished leader—for more than 30 years, until he left the Soviet Union in 1976, of the Borodin String Quartet.

It was not, however, a greatly distinguished evening. The very slow and deliberate tempo the Borodin chose for the opening movement of Chaikovsky's A minor trio kept the romance and the soaring of the music firmly earthbound. The pianist, Luba Edlina, was especially disappointing: the attack was nervous, tentative, inclined to bang, often inaccurate: the sonority itself lacked depth and sparkle. *There was everywhere* a tendency to turn *risoluto* to *maestoso*: the dark anguish of the last movement's coda lost all of its impetus at such a ponderous pace. Mr. Dubinsky's intonation, generally impeccable, was also capable of sudden, wild, and unpredictable lapses.

In Brahms's C minor trio the Borodin's fondness for weighty declamation at slow tempi made heavy going of the *energico* first movement, and of the finale's magical headlong flight. Strange performance—a tired one, I guessed, without anger or fierceness, delicacy or poise. Their account of Beethoven's op. 70 No. 1 was more stylish: once the ensemble took it into their hearts to play *grazioso e vivace* they did so very nicely—in the last movement, at one or two revealing moments, there was even a trace of real gaiety. They gave all of the repeats, including both of the important first-movement returns: good to hear for a change.

Guildhall, E.C.2

Carl Flesch Competition

by ARTHUR JACOBS

A well-aimed grenade, metaphorically speaking, has stirred the calm waters of the Carl Flesch Competition for Violin. It was flung by none other than the director of the competition, Yfrah Neaman of the Guildhall School of Music.

Having just returned from serving on the jury of the Chaikovsky Violin Competition in Moscow, Mr. Neaman declared in an interview in last Saturday's *Times* that such competitions could be a disservice to art. They could exalt "technique and flair" at the expense of deeper musical qualities. He confessed a distaste for *both the joint winners* in Moscow—a Russian and an American—and claimed that some of the jury had been "forced" to give awards to those of whom they did not approve.

This raises the question whether Mr. Neaman should not have resigned from the Moscow jury on the spot rather than complain afterwards. It also suggests the need for a keen scrutiny of the standards and procedure of the London competition — named after Carl Flesch, a German violin pedagogue who found refuge here from the Nazis. Last night and tonight the six finalists—accompanied by the Royal Liverpool Philharmonic Orchestra under David Atherton—are competing for the £2,500 first prize and other awards.

Due emphasis is placed on the requirement to play Bach and Mozart at the earlier eliminating rounds. In the final round, a choice of concertos is confined to Beethoven, Mendelssohn and Brahms—I suppose with the idea of barring more "showy" pieces. But much must depend on the jury itself which (as at Moscow, I believe) always seems to be chosen almost wholly from violin teachers. No music critics, I am immodest enough to remark.

Of last night's finalists (two Bulgarians and a Pole) all satisfied the demand for thinking musicianship, and two were outstanding. Vanyo Milanova (who *outstripped her compatriot*, Valentin Stefanov) played Mendelssohn's concerto with a combination of tenderness and brilliance which would have won her an ovation from the most sophisticated of audiences. To follow this with the more ponderous Brahms concerto was hard, but Krzysztof Smietana di so with admirable artistic skill. Either could be a first prizewinner tonight.

Guildhall School of Music and Drama

The Return of Ulysses

by NICHOLAS KENYON

The curtain rises on Botticelli's *Birth of Venus*, without Venus. The two halves of the painting have been distorted and pushed aside, leaving Venus' shell as the iris in a giant eye which stares at us through the whole evening: a *Pop Art portrait of* All-Seeing Fate. On the left, the inetrtwined winds billow, aptly representing the buffeting which Ulysses receives on his homeward journey. In the centre, the *shell, lowered like a drawbridge*, provides a platform from which the gods can emerge to help or hinder the mortals below.

So far, so good. *The Return of Ulysses* is the last of Monteverdi's *three extant* operas to be staged by Kent Opera, and it looked as if this design by Roger Butlin was going to provide a parallel with their earlier account of *Orfeo*, in which Poussin's paintings provided Jonathan Miller with a complete vocabulary for his production-posture and movement as well as scenery. But here, *Botticelli remains* in the background. Digby Howard's costumes are pompous, garish, *heavy creations with no* Botticellian grace, conceived in the most appalling colours (both Ulysses' uniform and his peasant disguise — which looks like *a tailor's sample book* — are topped by a single, incongruous bright blue feather).

Norman Platt's production is adequate, but has no special coherence, no special stylistic framework. There are some mistakes (Penelope's suitors should display "gioventute superba," not caricatured middle age) and Mr. Platt's original ideas tend to be odd: why treat Melanto's impassioned speech to Penelope as a rehearsal which the queen interrupts? The great central episode of the bending of Ulysses' bow, followed by his slaughter of the suitors, was staged with no more conviction than a village archery match.

If the visual side of this *Ulysses* is somewhat confused, the musical side is absolutely clear in its aims. Roger Norrington conducts and has prepared the *edition of* the score. He has reinforced his determination (already seen in his version of *Poppea*) to move away from both a lush, 20th-century elaboration of the score, full of muted strings *and harps* (such as Raymond Leppard provided in his famous Glyndebourne *Ulisse*) and from a pseudo-17th-century recreation of high renaissance sonorities (such as has been attempted with typical idiosyncratic brilliance by Nikolaus Harnoncourt, in his *Ulisse* which will be seen in the Edinburgh Fesival). There can be no doubt that Norrington is right: a handful of strings and a *substantial group of* continuo instruments is what Monteverdi would have had in Venice in 1641. The problem is to make such an austere combination work.

And *in this Ulysses* it does work, superbly. The strings are kept in reserve for their tiny ritornellos and sinfonias, which they play with ideal liveliness and precision. The continuo department of keyboards, chitarrones and basses sustain all the rest. Norrington seems to yearn after the occasional change of timbre, and so contrasts the accompanying instruments of different characters (in the Prologue, Love has a barpsichord, Fortune an organ, and Time a regal, which is pretty but distracting). In the long stretches of recitative which move in an out of measured time, the diversity of plucked instruments *can respond to the vocal* line, intensify a cadence or build to a climax, and generally follow the sense of the words far more flexibly than could any full band playing written-out added *parts. The effects* have been carefully calculated (perhaps too much so) and Norrington is in firm control of the drama's progress; occasionally he hurries the end of the scene, but this aids the powerful sense of forward movement in the music.

The singing is less distinguished—inevitably, for the re-creation of baroque vocal style has barely begun. In the role *of Penelope*, which Janet Baker made so much her own at Glydndebourne, Sarah Walker sings powerfully and poignantly, and provides the strongest characterisation of the evening. Neil Jenkins cannot quite find the *strength of voice for Ulysses*, though the lines are admirably clean and well-shaped. Eirian James makes an effectively pert Melanto, and her lover Eurimachus (Michael Goldthorpe) *deserves more than* being indiscriminately slaughtered along with the suitors. They, however, meet their just deserts: John Winfield (who also gets the opera off to a bad start with a ridiculously frail Human Frailty), David Johnston and Thomas Lawlor are a bumbling trio of growlers and shouters who provide no serious temptation to Penelope's fidelity. Sally Bradshaw is the best of the gods. *Wynford Evans a clear*, light-voiced Eumaeus, and Jack Irons a not desperately funny Irus.

The opera is cut (but still lasts three hours with intervals). Instead of many small cuts a whole section has been lopped off Act Two, ingeniously joining together two court scenes, but thereby depriving us a Penelope's reunion with her son Telemachus. This latter part thus becomes a cipher—all the more absurd that his chariot *ride with* Minerva is made into a grand coup de theatre, complete with an insane slide-projector belching smoke and flashing lights at us: quite inappropriate *for this minor scene*.

The impossible challenge of making an English translation has been taken up by Anne Ridler, and the result deserves another review to itself. It *matches the rhythms* of the Italian well, and sometimes even catches its rhyming structures nicely. But at what cost! Penelope's wonderful cry "Torna, deh torna Ulisse" is rendered "Homeward, ah homeward Ulysses"; but then the obsessive repeats of "Torna" in her recitative "torna il zeffiro al prato," and so on are rendered as "return." Time and again the euphony of the Italian is replaced by nasty English phrases, nowhere more noticeably than at the end, where "Si, vita, si; si core, si" becomes "Yes, yes, my dearest; yes, yes, beloved." The English would be more welcome *if every word could* be heard, but it can't. This new Kent Opera production will be seen on their autumn tour this year, which opens in Eastbourne on November 7.

Maggie Jordan and Jane Lee

Leonard Burt

Half Moon

Tigers in the Snow

by MICHAEL COVENEY

A piece about four recalcitrant female inmates of a mental institution would have to be strong stuff to come across in any circumstances, but on a warm July evening, and in Dave Marson's static dramatic confec*tion, the upshot is difficult to* recommend. Apparently based on the real case of one Vera Bell, an antagonistic Glaswegian alcoholic prostitute with a criminal record, the play sets out to show how *social victims are conditioned* into unthinking obeisance under a restrictive medical system of party games, false flattery and empty promises.

The theatre has been transformed into an antiseptically white chamber whose everyday routine buzz is threatened by the irruption of Vera, played by Maggie Jordan with a strong line *in dismissive contempt. Her* companions include an incontinent middle-aged snob (Elaine Ives-Cameron); a stage-struck remnant of Vanessa's Loonies whose *father has apparently hounded her with private detec*tives (Eve Bland); and a sharp-featured waif (Lizza Aiken) who removes her nightgown in front of the male nurse with the pathetic demand to be treated as a woman, not as an object.

Mr Marson has previously written with real imagination about the enclosed worlds of dissenting schoolboys and Government Instructional Camps of the 1930s. But his sense of theatre has deserted him here, as one painfully contrived scene follows another. Only when the frustrated actress's mother visits her with an embarrassing lack of suitable *vocabulary* does the evening come remotely alive. Eve Bland is a husky new voice with statuesque presence to match. The director is Sue Parrish.

Albert Hall/Radio 3

Macbeth

by ANDREW PORTER

The first prom of the season was devoted to Verdi's Requiem, and the fourth, on Tuesday, to his *Macbeth*—in the original, 1847 version. At the time of its composition, Verdi deemed this work "dearer to me than all my other operas," and it is one of the most coherent and the least conventional he ever composed. In 1865, after *La forza del destino*, he revised it, for Paris; he replaced two bravura arias by "La luce langue" and the duet "Ora di morte," rewrote the exiles' chorus and the final scene, and strengthened some other episodes. The 1847 *Macbeth* had been frequently performed; the 1865 *Macbeth* had to wait until this century to be admired.

The revision, as Julian Budden pointed out in the Prom programme note, was concerned chiefly with modernisation for a contemporary, and specifically a Paris, audience. In 1865, people wanted to attend new operas composed in a new manner and no longer expected to hear coloratura employed as "a vehicle for forceful dramatic expression." But in our day of Ottocento *riesumazione*, when old operas are preferred to new, and coloratura—however imperfectly executed—has become commonplace, even the "old-fashioned" passages of the 1847 score can be heard as notable advances on *Donizetti and* earlier Verdi. Unrevised, *Macbeth* was staged by University College in 1976, and again last year in Danville, Kentucky, as the centrepiece of the Fifth Inter*national* Congress of Verdi Studies. Both productions were praised. The Prom performance, more strongly cast than either of them, was also warmly acclaimed.

John Matheson conducted. He *is a cogent* advocate for unfamiliar Verdi, and the playing of the BBC Concert Orchestra had the colour, force, and eloquence that also distinguished the unrevised *Don Carlos* and the unrevised *Boccanegra* presented by the BBC under his baton. He commanded the energy, the boldness, but strangeness, and the delicacy of the score. His rhythms were keen, and his tempi well chosen. *The long scenes—Macbeth is the* most "consecutive" of Verdi's early operas—cohered. The spaces of the Albert Hall were used to lend dramatic depth to the sound: distant apparitions, music welling up from below to accompany the "shew of kings," trumpets fanfaronading from opposed balconies to picture the battle. It was an exciting evening.

His cast showed a welcome appreciation of legato. But he had not persuaded them to pay detailed attention to Verdi's careful dynamic markings. Kenneth Collins, as Macduff, was the worst offender. His "Ah, la paterna mano" made its effect as a big, clean sing, smoothly and fully executed. But it would have been twice as moving if *Verdi's piano and then pianissimo* at the move into F-flat, if his two or three different kinds of accent, if his delaying of any *forte* until almost the end had also been observed.

Peter Glossop, *in the title role*, boldly essayed the variously dark, hollow, and stifled voices that the composer asks for. (In the first nine bars of "Due vaticini," Macbeth has six verbal instructions about contrasts of timbre: there are others in a letter of Verdi's to Felice Varesi, who first sang the role.) When *it came to a voce aperta* or *con forza*, Mr. Glossop tended to force beyond the limits of *acceptable tone*. He gave a serious but uneven performance—sometimes detailed, imaginative, and powerfully executed, sometimes rough-and-ready in effect.

His Lady, Rita Hunter, was also uneven, yet on the whole she sang the taxing music as well as any soprano (or mezzo) I have heard in recent years, and more securely than most. Her coloratura was massive and brilliant, if not always precisely finished. Into the reprise of "Trionfai," the florid soprano aria discarded in 1865, she threw a shining and successful high D. As ever, she joined note to note *to make phrases*. There were a few moments of unsteadiness and some moments of steeliness—but also passages of uncommon power and passages of fine-spun beauty.

For John Tomlinson's Banquo, praise unqualified: long, broad phrasing, tone in firm focus, a fine command of Verdian swell and also of Verdian diminuendo. The chorus of BBC Singers was first rate. Otherwise—apart from Mr. Matheson's compelling conduct of the whole—it was not the sort of performance one would want preserved on a record; there was too much imperfect vocalism. A rehearing of Acts 3 and 4—the broadcast went out 90 minutes after the live event—made that doubly clear. But "In action" this *account of Verdi's opera proved* pretty well irresistible.

Macbeth himself dominates the 1847 *Macbeth*. Act 3 is in effect an immense solo scena, with witchy support. His "arm'd *rhinoceros, or the Hyrcan tiger*" outburst at the Act 2 banquet is bigger. In the last scene, he is not eclipsed by a spectacular Paris finale. In the Paris version, however, Lady Macbeth claimed most of the limelight, and in Act 3 the ballet took much of the rest. The new music is greater than what it replaced. The patchwork *Macbeth*, like the patchwork *Boccanegra*, *Forza*, and *Carlos* (and, for that matter, the patchwork *Fidelio* and *Gioconda*, the revised *Butterfly*, *Tabarro*, and *Billy Budd*) is the one for regular use. To the 1865 *Macbeth*, the 1847 death scene, "*Mal per me*," has often been added; it should then be followed by the swift 1847 close, not the big tableau of troops, bards, and populace.

From time to time, it is good to hear a major composer's initial conception in its integrity. The *Ur-Macbeth*, like the *Ur-Boccanegra* and the *Ur-Carlos*, has proved well worth doing in its own right—different from its successor, lesser, maybe; but also more shapely. As Budden once said, by revision "the skyline was altered." The great things common to both versions are even more impressive—and the occasional pretty banalities are less disturbing—when set in the earlier perspective.

Book Reviews appear on Page 12

York

Hovingham Festival Opera

by JOHN WARRACK

Such was the success of the York Early Music Week last year that it has now become a Festival and spread to cover three weeks and to find homes outside York itself. Ripon and Gilling Castle have had events; and last weekend included opera at Hovingham Hall. The fine riding school is no stranger to music—there was a 19th century Festival of some enterprise, and more recent series of meetings that included opera — and it made an agreeable setting for Telemann's *Pimpinone* and Handel's *Acis anl Galatea* in productions by the so-called Hovingham Festival Opera.

This is really a group of enthusiastic young musicians run by Peter Seymour, conductor and former organist of Selby Abbey and an energising force of the Festival, and *his wife Yvonne*, soprano and, to judge by her work with the chorus, a teacher of striking gifts. Resplendent in a wig and a brocade coat that would have done justice to the Tailor of Gloucester, Mr. Seymour conducted a band of some dozen players also in costume and using period instruments. The strings had period bows and modified violins; there was the charming, soft burr of baroque oboes, doubling with some virtuoso recorder playing; as continuo there was a beautiful Haward harpsichord of 1683 which the Worsley family had *found neglected in the Hoving*ham attics.

If *Pimpinone* is really needed as a curtain-raiser to the riches of *Acis* and it is slim stuff, this is the way to do it. An apron stage makes sense, for with singers as deft as Stephen Varcoe and Yvonne Seymour at judging the contact with their audience, the comedy has an immediacy which would have been lost in the old arrangement with the stage at the far end of the long building.

With *Acis*, the problems are rather different, in that the *formality of the convention, not* to mention the nobility and the emotional energy of the music, invite a greater distancing. William Royston, the producer, was not afraid to use the audience space, for a powerful entrance by the Monster Polypheme, and for a grave procession of mourning for Acis; but be exacted even here formal movements and, on the stage, partly stylised gestures and stances which gave Handel's music its due respect (and did not betray the naive conventions of Gay's text into banality). Yvonne Seymour's firm, cleanly projected voice and her accurate judgement of the acoustic, together with her dignified stage presence, were an excellent foil to Richard Morton's lyrical Acis: and Stephen Varcoe raged and *melted and burned to splendid* effect as a lithe but still menacing Polypheme. Julian Pike was an elegant young Damon.

The final murder of Acis and his metamorphosis into a stream *was ingeniously contrived; but it* was not contrivance in solving problems which was the dominant impression. Understanding of baroque conventions, on the stage as well as with the music, has advanced to the point where it is natural to a whole generation of young musicians as a result of the early music movement. The costumed orchestra may be a conceit; but the music itself is made with the unquestioned conviction that Handel is most himself when played with a proper technical care for the resources he himself knew.

Record Review

Nat, J.J. and Jake

by KEVIN HENRIQUES

The Yokohama Concert. J. J. Johnson and Nat Adderley. Pablo Live (2 LP set) 2620 109

Jake Walk Blues. Stash ST-110

Milesian Source. Louis Stewart. Pye NSPL 18555

There Comes a Time. Gil Evans and his Orchestra. RCA PL 11057

Yonty Solomon plays the George Gershwin Song Book. Criterion CR 252

The Day of the Dead. Graham Collier. Mosaic GCMD 783/4

The small groups co-led for many years by the Adderley brothers, altoist Julian "Cannonball" and trumpeter Nat, pro*duced insistent, hard-driving*, groovy sounds. Since Cannonball's untimely death in 1975, Nat has not found a compatible, full-time musical partner. On the aural evidence of their recent Pablo double-album trombonist J. J. Johnson would, if his commitments allowed, clearly be among the most suitable. The concert in Japan brought together these two vastly experienced post-Bop musicians *with a much younger, almost* totally unknown, rhythm section.

Most of the tunes are by Johnson or Adderley, including the latter's hit, "Work Song," and there is plenty of variety in moods and tempi. Johnson has a pretty, brooding set-piece to himself, "Lament," with only keyboard accompaniment. Elsewhere he blows with customary speed and stamina, his harmonic *inventiveness as commanding as* ever. Adderley bristles on cornet, the fast flurries of notes effortlessly spurting out. Yet he contrasts this, as in "Melodee," with muted playing of warmth. The rhythm section supports the two horn men with understanding and application.

*

During the past couple of years of so the small independent label Stash has produced some out-of-the-ordinary releases devoted to diverse themes ranging from songs about sex to a double album featuring women instrumentalists. Now comes a release containing 15 songs which commemorates *(if that is the* right word!) jake, an adulterated Jamaica ginger extract which was an illicit drink taken in the southern and midwestern U.S. around 1930. Victims of the *ensuing illness were said to have* "jake leg" or jake walk."

The tracks are split among white and black artists. The former, such as cowboy/film star Gene Autry, tend to be nasally billbilly singers not averse to throwing in excruciating yodels. Far more bearable and, indeed, moving, are Negroes such as Willie Lofton on "Jake Leg Blues" or Ishman Bracey on "Jake Liquor Blues," though the surface quality of this is extremely poor.

There are some instrumental tracks one of which, "Jake Leg Wobble" by a fiddle-guitar duo, purports to give an impressionistic portrayal of the gait impairment resulting from having the illness. Blues guitar addicts *will find the bottleneck playing* of Lemuel Turner on "Jake Bottle Blues" the highspot of this disc.

*

Irish guitarist Louis Stewart has gained a lot of admirers in this country, notably at Ronnie Scott's Club in London, where he often leads, or plays in, the supporting group of the evening. He has a sure, fleet technique which seems geared to fast *tempo tunes. Not surprisingly* these predominate on *Milesian Source*.

Even on the *gentle paced* "A Little Cloud," Stewart's fingers pluck the phrases rapidly and it *is only on his* fine arrangement of Gabriel Fauré's "Pavanne" (sic) that he exhibits delicacy and restraint. For me this is the most appealing and memorable track of the seven: acoustic and electronic instruments are, for once, sensibly mixed and controlled, there is a notable piano solo by Martin Blackwell and the entire piece is played with taste and, more importantly, exquisite musician*ship. Stewart arranged it and* also wrote the four compositions on Side 1. Excellently recorded, the LP is very much his triumph. But deserved praise must be handed to the accompanying musicians.

*

The arrival, long after he had left these shores, of Gil Evans's latest available record gave me a chance to reconsider from a distance my lukewarm reaction to his 13-piece band at its Festival Hall concert in February. Though there are many more musicians on the record the effect is to make Evans's compositions even more overpowering than *in London. Electronics* and the wide scope of the modern recording studio obviously obsess him at present. This would be acceptable if the writing and textures were anything other than *ordinary*. The title track for instance, opens with a lot of sci-fi noises, a reverberant declamation of some banal lyrics, some Jimi Hendrix-style guitar playing, a screeching tenor solo and a repetitive phrase done to death by all concerned. The result is a sprawling Quatermass mess.

*

Exactly who would want to rush out to buy a record of Yonty Solomon, well-regarded as a classical pianist, playing the George Gershwin Song Book is a fascinating question. *Certainly* not jazz listeners who would much prefer to hear Earl Hines play "Fascinating Rhythm." Probably not lovers of classical piano who, perhaps feelingly, *remember* Art Tatum's treatments of Dvorak's "Humoresque" and Massenet's "Elegie."

But for the pleasure of a minority somewhere, Solomon accurately and coldly pounds through Gershwin's transcriptions of 18 of his songs—admittedly managing to get some of the sadness from "The Man I Love," but generally bringing no character into the other tunes. He applies similar treatment to jazz "classics" by Fats Waller, James P. Johnson and Meade Lux Lewis with only slightly better results; remarkably some of the tunes' *innate* rhythmic qualities are revealed.

Maybe it is not strange that *best of all I liked Solomon's* interpretation of pieces by Granados and Mompou which comprise most of Side 2 of this curious, inexplicable disc.

*

My colleague Alan Forrest has twice written glowingly about Graham Collier's extended work *The Day of the Dead*, premiered at last year's Ilkley Literature Festival. Now the record is out and for someone *approaching it cold and from a jazz*, rather than literary, viewpoint Collier's concept can only be described as a huge revelation.

Though it needs several listen*ings to appreciate all* the composer's nuances one is immediately captivated by the cold, haunting, sometimes despair-filled voice of narrator John Carbery reading the words of novelist Malcolm Lowry against the constantly moving and sometimes frenzied background of Collier's music, some of it written, some improvised.

Unlike the attempted jazz and poetry fusions of some years ago this is a genuine mixing of music with words. The playing of the jazz musicians emphasises, underlines and matches the mood and meaning of Lowry's prose. The alcoholic fantasies, the frenzies are illumined by the sounds of the various instruments, together and alone. Altogether it is an hour of intensive but rewarding listening.

Questors, Ealing

Faust

by MICHAEL COVENEY

We have countless subsidised studio theatres in the country but I do not recall one of them ever tackling Goethe's fascinating *Urfaust*, a powerful chamber piece and the basis of the first part of the poet's mammoth life-long undertaking. The amateurs at Ealing, with a fine disregard for English insularity in these matters, have come up with a very serviceable version of the short play, written between 1773-75. It contains the whole of Faust's involvement with Gretchen, the scene of Mephi*stopheles and the Student, the* Leipzig beer cellar revels.

The Gretchen saga comes across with real force in David Emmet's admirably turned translation (no rhymes or Alexand*rines*), a *bare-bones, sensibly* literal job ideal for what is, of necessity, a modest production. The audience is seated on fifty seats around a sunken arena in the studio theatre and, although the 1887 *Göchhausen* edition contains no display of Faust's diabolic pact, the liaison is successfully established in the acting of Mike Langridge (Faust) and the upright, black-garbed, slightly sneering figure of Alan Chisholm as Mephistopheles.

It is enthralling to witness the development of Faust's doomed passion for the country girl and, as the play shifts, in its later stages, into a moving examination of the doctor's impact on a rustic community with its religious rites and simple morals, it makes sense for Mr. Emmet to incorporate the *murder of Valentin from the* longer play. The plot to murder Gretchen's mother, the appearance of an Evil Spirit to haunt the pregnant girl, the final farewell as Faust is torn away from the scene of his "crime"—all this is staged with simple dignity.

A slight air of forced experimentalism (black leotards for stage-managing extras and plink-plonk percussive effects for the elements) is a small price to pay for the chance of seeing a piece that should not be beyond some of our more prestigious companies. Christine Curran does remarkably well with Gretchen's extraordinary final speeches, and the company go about their business throughout with purpose and integrity. It is a rewarding evening, a consider*able feather in the Questors' cap.* Mr. Emmet is also the director.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Thursday July 27 1978

For Bourbons, by Bourbons

THE DOCUMENT published yesterday by the TUC and the Labour Party and entitled *Into the Eighties: an Agreement* is not an election manifesto. The membership of the committee which produced it, however, goes all the way across the party spectrum from Mr. Ian Mikardo on the left to Mrs. Shirley Williams on the right, and it also included Mr. James Callaghan and Mr. Denis Healey. The report cannot be dismissed therefore as an aberration. There may be some differences, as Mr. Callaghan said at the Press conference, about timing and methods, but this is the nearest we have to the authentic voice of the Labour Movement, at least in so far as it is possible for the movement to speak in unison.

Back to form

In the document's own words, the aim is twofold: both the creation of a stronger economy and of a fairer, more just society. To achieve the objective, it says, it will be necessary to have a growth rate of "well above 3 per cent per annum in the years ahead." The crucial question is thus whether such a rate of growth is likely to be attained under the sort of policies outlined, and the answer is very probably not. Indeed there is one very telling passage which frankly admits the size of the problem. Referring to what it calls the "job saving interventions" of the government and the NEB in the affairs of companies such as BL, Chrysler and British Shipbuilders, the document goes on: "But in spite of a programme unequalled in the western industrialised world we acknowledge that the problem of restoring full employment within an acceptable period of time is daunting." What is so discouraging about that sentence is the readiness to boast about how much public money is being spent, the partial recognition that it is not achieving as much as is desired and, at the same time, the absolute refusal to contemplate alternative approaches.

It is this theme of "more of the same" which runs throughout the document. There may be concern, for example, about the low level of company profits and the lack of investment: never mind, the Labour Party will go into the '80s advocating a "vigorous prices policy" and a strengthening of the Price Commission. It may be acknowledged that existing housing legislation is a serious obstacle to the mobility of labour and therefore to economic growth; never mind again, the Labour Party will make the legislation even tighter. There may have been talk about lower taxes and the need for incentives, but it can be disregarded: the Labour Party has returned to form with the promise of an annual wealth tax—without any compensating cut in income tax.

Most of the other old favourites are all there: abolition of the public schools—including those independents which Labour itself created by the abolition of the direct grant system; the reduction of the Bank of England to a body which would simply "reinforce policies which Government and Parliament have decided upon," and not least the abolition of the House of Lords without any apparent thought as to what, if anything, might replace it.

It is true that one or two others, such as the outright nationalisation of the clearing banks and the insurance industry, have gone, and that one or two novelties have been added: for instance, however it might work, the creation of a tripartite Foreign Investment Review Agency for the "systematic consideration of inward and outward investment." But in general it is the mixture as before and the message is: when a policy has failed, try it again.

Manifesto

In the end, however, what comes through most is that Mr. Callaghan's period as leader has made very little difference to the Labour Movement. He may have been a good Prime Minister, but he has not changed the party. The Bourbons of the movement remain rooted in the sterile past. Britain still has no Social Democrat party. The election manifesto, when it comes, may be better, but it will have to be read against *Into the Eighties*.

Diversity and independence

THE POWER of television and radio can be considerable. Some would say that broadcasting has more potential power than the Press. But access to broadcast programmes is necessarily more limited than access to newspapers because, in the present state of the technology, the number of television channels and radio frequencies on which different programmes can be broadcast simultaneously is limited. In the early days of the new medium, the public interest may well have been served by the concept of public service broadcasting developed by John Reith, the BBC's first director-general. But those days have gone. The BBC's monopoly was broken a generation ago.

Opportunities

Since then the safeguard for the public interest has lain in the promotion of competition—in giving viewers and listeners a choice of sources of editorial judgment and in giving broadcasters, writers and programme producers a choice of employment. The answer to those who fear the power of broadcasting lies in the encouragement of diversity, rather than in the recreation of a single, all-powerful monopoly, just as it is the answer to those who are concerned with the power of newspapers.

It is or soon will be technically possible to provide a fourth television channel and two local radio services (in addition to the existing BBC national radio services) over much of the country. By the mid-1980s, two more 625-line television channels could be made available by re-engineering the present VHF channels. Later still, there could be five further national channels provided by satellite and even more by cable, while the number of radio services could be doubled if the public were prepared to buy and use VHF radio sets. How fast we would want to take advantage of these opportunities would be mainly a matter of judging the balance between the benefits of greater diversity and the availability of resources, finance, and especially human talent and experience. It could also depend upon the pace of technological change in such areas as the transmission of information services by TV and telephone.

On this longer perspective, the next step must clearly be the one which the Annan committee recommended and which the Government has now come round to accepting. This is to the award of the fourth television channel to a new broadcasting authority, independent of both BBC and the IBA, and to allow the BBC and the IBA to expand their network of local radio stations. The ITV companies may be able to broaden the balance of their programmes if they were given control of the fourth channel, but at this stage priority should go to widening the range of choice both for viewers and for the programme makers.

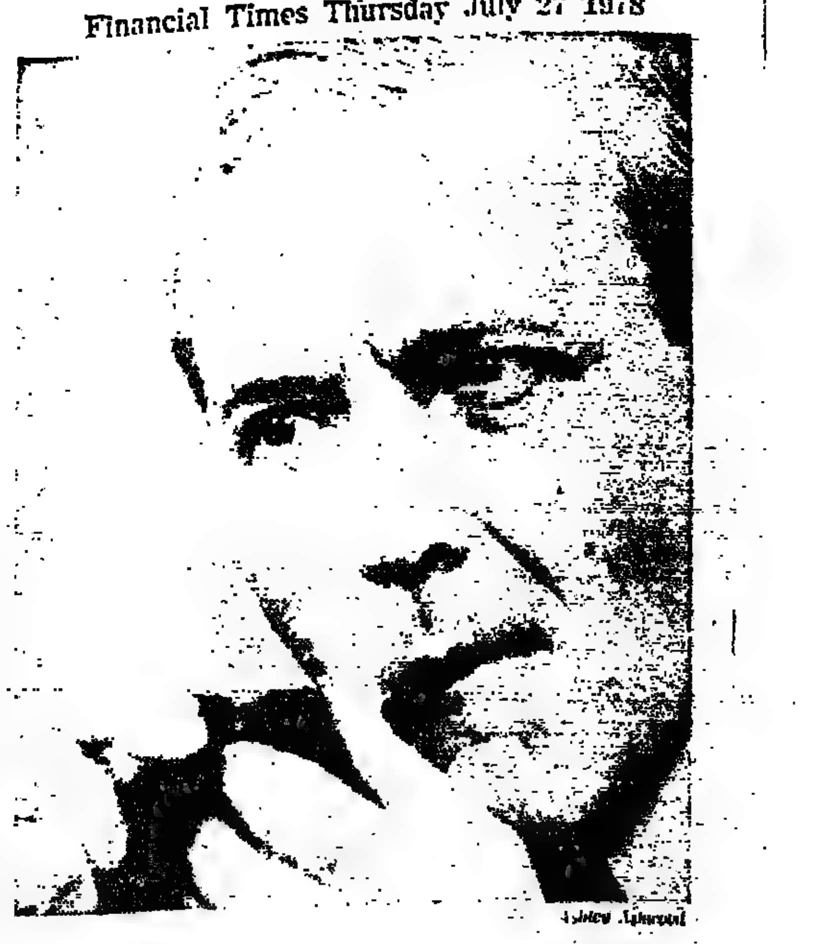
But, while a broad welcome can thus be given to the proposals in yesterday's White Paper, two major reservations must be made. The first concerns the practicality of the arrangements proposed for the new Open Broadcasting Authority. It would be expected to give priority to educational programmes and minority tastes and interests, and so would have to be financed by government grants as well as by advertising. It would also be expected to consult with the IBA (which would engineer and transmit OBA programmes) about complementary programme scheduling. These arrangements might be made to work, but the chances cannot be considered high.

Real risk

Even more dangerous are the White Paper's proposal for the appointment by the Home Secretary of subsidiary boards to run the BBC's television, radio, and external services. The BBC may be monolithic and bureaucratic, but this would make the situation far worse as well as raise a real risk of political intervention in programme making. The right answer must be to maintain the dual role of the BBC governors, as trustees for the public and as the programme makers' protector against outside interference, and to encourage greater managerial decentralisation. Editorial independence must be protected against encroachment by politicians.

Wedgwood Benn digs in for coal

BY JOHN LLOYD


Ashley Ashwood

SIR DEREK EZRA made certain that everyone knew he was worried about the immediate future of the coal industry when he announced his annual figures earlier this week. The report referred to hard times ahead, and at his news conference, Sir Derek stressed that the market position held problems in the short term.

He is not making a fuss about nothing. There are serious difficulties ahead for the Board, partly because the steel industry's consumption of coke has dropped by 4m to 5m tonnes a year from its "normal" level of around 20m tonnes, partly because the smaller markets—industrial, domestic, export—are not picking up much, if at all, and most important of all because the electricity industry seems to want to decrease its coal burn over the years ahead.

But what Sir Derek has not said is that he has an extremely powerful ally in his struggle to produce and to market more coal, and one who will try to guarantee that the NCB's marketing problems will never be allowed to become acute. That ally is Mr. Anthony Wedgwood Benn, the Energy Secretary, whose belief in the future of coal and of the coal industry at least matches that of Sir Derek's.

Mr. Wedgwood Benn did not draw up the Plan for Coal, which sets ambitious targets for both production and marketing up to 1985 (and further, up to the century's end, in the Plan's supplementary document, "Coal for the Future"). But he has gladly inherited it and pursues it enthusiastically. As he wrote in his foreword to "Coal for the Future":

"It is of crucial importance to make sure that the industry is kept pointing in the right directions, that it preserves the essential production basis without which future expansion cannot take place, that it maintains the cutting edge of its present competitive position, and that it is able to plan and implement in good time the developments that will secure for the country the productive force it will need and can rely on in the longer term."

It is the clause in that statement reading "that it maintains the cutting edge of its present competitive position" which is now very much at issue. For it is no longer possible for coal to continue to do so, at least with its biggest customer, the Central Electricity Generating Board. Oil has improved its position relative to coal, both because of the fall in the value of the U.S. dollar and the OPEC price freeze. In the longer term, the CEGB says, nuclear power will be cheaper and more efficient. Coal is thus looking for more help — and it seems certain that Mr. Wedgwood Benn is about to give it some.

He reached his present position in part through recent encounters of the unfruitful kind with the European Commission. In May, a meeting of the EEC Energy Ministers considered a series of measures loosely grouped under the optimistic heading of a European energy policy. A proposal to use £200m of Community funds to subsidise the sale of EEC-produced coal to power stations was on the agenda, largely through the UK's initiative though with the backing of the Germans, who are the second largest producer.

But the plan foundered because an attempt was made to link it with French and Italian demands for aid in the closure of excess oil refinery capacity. For Mr. Wedgwood Benn, that was far too high a price to pay for a coal subsidy, largely because control over refinery "throughputs" by the government is essential, in his view, as a lever in negotiations with the oil companies which are working in the North Sea.

In retrospect, Mr. Wedgwood Benn thinks that he pushed the coal plan too late: "We went along in March of last year with the extension of the coking coal arrangements which benefited the German steel industry and mining industry. We went along with the Euratom loan which was very helpful to the French and the Italians. We pushed the case for coal, as a prime steam coal producer. I was persuaded that even though we didn't get coal at that time we were sensible to help in areas which benefited our neighbours. Looking back on that now, it would have been better if coal had been made part of the package long before refineries came up."

Agreement at the May meeting was made more difficult by a demand from the Germans—who were in broad support of the UK—that subsidies on its coking coal should be extended. It became clear that the cost to the UK of helping the Germans out of their difficulties would have cancelled out the benefits from a steam coal subsidy in a market where the NCB expected to sell, at most, 4m tonnes of coal a year.

"It was that, in part, which drove us back to say—well, if we can't have an assisted European coal burn, what about an assisted UK coal burn, where you don't have these countervailing disadvantages. It wasn't the only reason but it certainly turned our minds in this direction—why not burn it here?"

Thus the idea of subsidising the coal burn in the UK's power stations became a firm one in the Department of Energy. Mr. Wedgwood Benn has the powers already to do so: under the 1973 Coal Industry Act, he may pay out £50m for this purpose, and a further £50m on the laying of a Parliamentary Order. Indeed, he already pays money out of this fund for that purpose, for the "special cases" of Scots and Welsh power stations. So far £5.4m have been spent under the scheme.

However, at the same time as this was developing as a perspective within the Department, the CEGB was planning its future. Its corporate plan, released to the Press last month, made it clear that it thought it would burn between 65m and 75m tonnes of coal in the mid-1980s, as against an NCB target of over 80m tonnes—the latter target echoed in the Green Paper on Energy published earlier this year. The CEGB also said that if domestic coal went up in price, it would buy from abroad.

This was a direct challenge, not just to the Coal Board, but also to the Government. Sir Derek reacted by writing to Mr. Glyn England, he CEGB chairman, asking for a meeting. Two weeks ago, the first of what will be a series of meetings between Sir Derek, Mr. England and Mr. Wedgwood Benn, were held to discuss ways in which the CEGB might burn more British coal. The Minister has now made his position quite clear.

"In the case of coal burn, you are here arguing about indigenous coal versus imported coal or imported oil—because domestic oil is so tradeable internationally that it is, in effect, an import. You must begin by saying that your policy is in a no better, no worse situation for the domestic electricity consumer, and that is accepted. Well, if that is accepted, do you take a narrow CEGB argument or a broad energy policy argument? If you take a narrow CEGB argument, you could argue in a certain way that imported oil for the new oil-fired stations that are now coming into service is cheaper than domestic coal.

"But if you take costs overall—you dig the coal, you stock the coal, you pay a balance of payments price for your imported coal and oil and that reduces your balance of payments surplus or increases your deficit — then you begin to introduce some real figures into it. It seems to me that the best national deal is to regard your indigenous coal as a base and your imported coal or imported oil as a residual—a very general proposition — but that is actually the best economic deal and can be done if the payments are made in the right way without increasing the cost of electricity for the domestic consumer."

Thus it seems that the outcome of the discussions will be that the CEGB will be "bribed" to take more coal. Mr. Benn is careful to underline that if he takes this option, he will be following what is a well-trodden route in Europe. Subsidies to the Belgian, French and German coal industries greatly exceed those presently given to the NCB, with Belgian coal receiving £20.72 aid per tonne, French £13.11 aid per tonne and German £2.74 aid per tonne — compared with the UK's 31p aid per tonne.

The CEGB has already suffered one major setback to its oil-firing plans. Some weeks ago—quite unnoticed—Mr. Benn turned down the CEGB's application to build Inswork Point, which was to have been an oil-fired power station near Plymouth. The CEGB is now considering two alternatives: bringing in power from the National Grid or building a nuclear station west of Exeter. A coalfired station is thought to be out of the question: it would not be economic to bring it in.

Mr. Benn justifies his decision on Inswork Point by referring to past mistakes:

"Due to our pursing this cheap oil policy just before 1973, a whole host of oil-fired stations—Iuce, Isle of Grain, Inverkip, Peterhead — were approved, and the result is that we are going to have a lot of oil-fired stations built on the basis that it is the duty of the CEGB to go for the cheapest fuel now regardless of what long-term forecasts are going to be. We do have to pay heed to our own forecasts which suggest that the price of oil in real terms will be twice what it was before the end of Inswork Point so that one would be building in high cost from the outset."

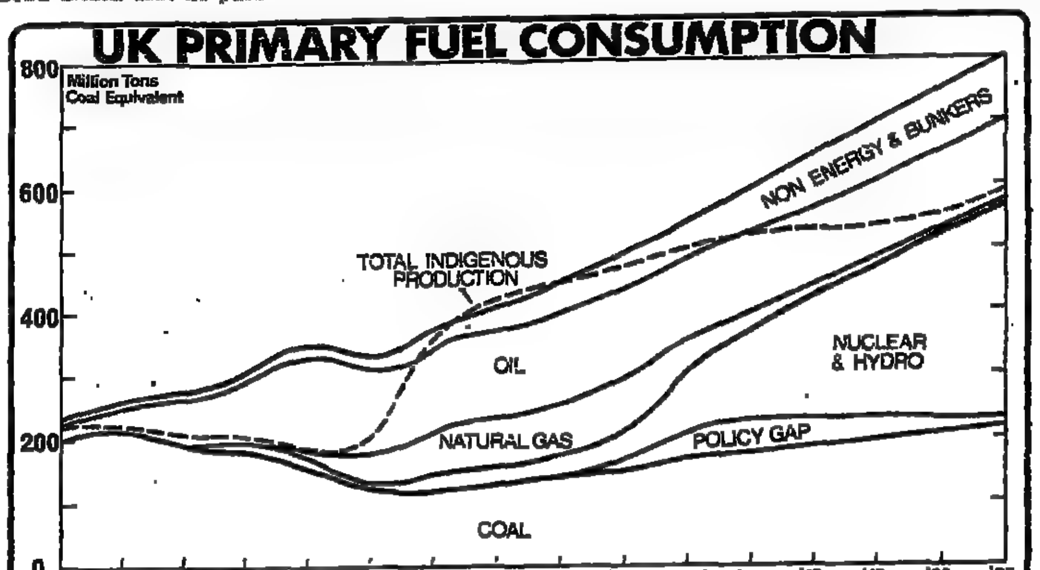
It is an obvious point that the price of oil means nothing in itself but is meaningful only when related to the coal price. This is the heart of the matter: and it is clear that the CEGB must be forced off the oil route if coal is to stand a chance of gaining larger markets. Already, the Board's corporate plan makes it clear that the oil burn will increase from around 10m tonnes now to around 30m tonnes in the mid-eighties: in this year alone, coal burn has declined by three per cent while oil burn has risen 20 per cent because its price has been so favourable.

Thus for the CEGB — and for Mr. Wedgwood Benn — the implications are broader than a mere temporary, or perhaps not so temporary, subsidy on coal. Mr. Benn thinks that the CEGB wields far too much power: he wants that power curbed. The White Paper on nationalised industries published earlier this year will, if implemented, give Ministers powers of specific direction (and the duty to compensate for the financial effects of these interventions) and will put civil servants on the nationalised industries' boards.

Thus—the argument runs—the CEGB must be curbed, because its particularly crucial position means that it influences every other sector of the energy scene. If it is allowed to stick to a close reading of its statutory duty to provide power as cheaply and efficiently as possible, then it may do so at the expense of what Mr. Wedgwood Benn sees as the long term interests of the country. It will certainly do so at the expense of the coal industry: and the Government has identified coal as its most favoured energy source. Mr. Benn's argument concludes, then, that Government must intervene to assert the public interest even against a public corporation, precisely because it is partial in its view.

"I think I detect a common interest which has not yet been made explicit. For example, when electricity chiefs talk about gas they do not take the view of what is good for the consumers. They say—tax gas. So what you must do is detect what is a common interest and get it through, but it must look 10 years ahead because if I were to apply simple market principles to any sector they would say, you cannot do that. What is the case for a fast breeder now? There isn't one. The case is that you might need a fast breeder later, so you plan for one now and it is there when you need it."

Mr. Benn rejected the suggested simile that he was like a monarch of a feudal society, surrounded by over-powerful barons (or rather, one over-powerful baron). He says he will not, like a monarch, operate by fiat: he will seek to get consent. The task which faces him is to get the CEGB to sign a latter-day Magna Carta, not limiting the central power as the original did, but extending it.



The Department of Energy's projection for primary fuels consumption in the UK: the non-energy and bunker category relates to petrochemicals industry processing and usage by shipping.

MEN AND MATTERS

Word perfect in Wales

In recent years there has been much agitation for firms to use more Welsh in their operations in Wales. Urgings by successive governments have led to all the nationalised industries, the BBC, and other public bodies, producing letter-heads, reports and the like in both English and Welsh. But private companies have been slow to respond.

Massey-Ferguson has now stolen a lead by producing a leaflet for its MF 50B tractor-digger-loader in Welsh, translated as Llwythw'r/Tyllwr. Welsh is not a language that lends itself easily to modern industry so it is possible—just—to identify one of the machine's main features: Diesel Perkins 4 sylinder yn cynhyrchu 69 BHP wrth y fly-wheel.

The North Wales agent, Heron Tractors, of St. Asaph, is delighted with the leaflet, of which 1,000 have been printed. "Many of our buyers are Welsh and there is a lot of pressure around here for a much wider use of Welsh," said a company spokesman (in English). But down in the south, in Cymbran, Kelland (Plant Sales) Ltd. was surprised by my news. It did not know of the existence of the leaflet, but would immediately telephone the Coventry headquarters of Massey-Ferguson to get a few, said the company spokesman (Welsh, but English speaking).

I also spoke to Coventry. What would happen if someone wrote in Welsh demanding to know more about "Echel ol haearn sydd iddo gyda brec pump disc mewn oel"? "Oh, we have one or two Welshmen here who can speak their own language," said a spokesman firmly.

"I wasn't worried about NATO until I knew it was a TGWU finger on the nuclear button."

Hat tricks

Thirteen Japanese MPs will be given pottery dolls wearing straw boaters when they go to Luton today. This somewhat odd gesture by the civic fathers merely adds a further touch of mystery to the whole visit. Wild local rumours that the Japanese were coming to buy up the Chrysler truck division in nearby Dunstable are now discounted. A spokesman at the town hall said yesterday that Luton was the one place in Britain the MPs were visiting — on a world tour to study housing and cultural facilities. "Of course, they picked us because Luton is the most progressive town in the country," he added rhetorically.

The straw-hatted dolls are explained by Luton's undoubted pre-eminence in making this music hall headgear (*pace* Eton and sundry rowing clubs). But if the Japanese are so enthusiastic that they start buying full-size boaters, it will be rather like taking coals to Newcastle. The firm — K. R. Snoxell — that makes the dolls' headgear, shapes its boaters out of straw "hoods" imported from Taiwan.

Last bounce

Businessmen in Zambia are wary these days about which ministries they deal with—because government cheques have been bouncing. It is a new way of controlling the country's inflation, explains the Finance Minister, John Mwanakatwe. When a ministry overspends its allocation of funds, the Bank of Zambia simply refuses to honour the cheque.

Last year the Zambian budget estimates were exceeded by 10 per cent, which compounded the country's economic woes. So ministries are now functioning on quarterly allocations: one of the IMF's conditions for a $390m credit in March was sharply reduced domestic borrowing.

At the end of the June quarter, some hard-pressed ministries began issuing cheques on the expectation of funds in the next quarter. The Bank of Zambia refused to oblige and the payees had to sit and wait.

Diplomats in Zambia are startled by the resolve of Mwanakatwe and the Bank of Zambia governor, Luke Mwananshiku—especially since there are general and presidential elections due in a few months.

Acting up

Yesterday's White Paper on the future of broadcasting proposes more local radio stations, both commercial and BBC. But the one station not spreading these tidings yesterday was LBC, the hub of Independent Radio News. Since last Saturday, the IRN journalists have been taking industrial action—holding continuous union meetings. LBC has been reduced to putting out music, with no reference to its claims that "news comes first." The dispute is over claims for extra money for extra work—known in TV and radio circles as "acting up." The management refuses to talk to the journalists until they return to work, the journalists refuse to return to work until the management talks to them.

Meanwhile, stations all over Britain that rely on the IRN service have been cobbling up makeshift bulletins—including the good news about the expansion of the independents.

No cover up

West Germany's leading popular magazine, Stern, can go on printing nude beauties on its cover. This was the ruling yesterday by the Hamburg Superior Court, to which ten prominent women, among them actresses Inge Meysel and Erika Pluhar, the writer Luise Rinser and the psychoanalyst Margarete Mitscherlich, had taken Henri Nannen, Stern's editor-in-chief.

A few weeks ago Stern had shown a couple engaged in what most observers felt was more than a joyride. Nannen, who had been on holiday, stopped production of the magazine on his return and changed the cover during the run.

But female protest was loud. The group of ten wanted Stern ordered to stop insulting them by showing women on its covers "as mere sexual objects, thus creating the impression that woman was at man's disposal and could be dominated at will."

The court accepted the "justified request" of the claimants; but it found that they could not speak in the name of all women. It also adjudged it a matter of personal taste whether somebody considered a woman to be a sexual object in a cover picture.

Observer

ECONOMIC VIEWPOINT

The silly nonsense of dividend control

IF THERE is any economist of any school of thought who regards rising dividends as a source of inflation, he has been remarkably silent. If there is any *serious social reformer who believes that dividend control is a good method of redistributing the national income in favour of the poor, he too has been remarkably silent.*

The case for dividend control is *a different one. It is one* argued by superior people who believe that trade unionists are too ignorant to understand the truth and need to be bribed by dividend control if they are to exercise wage restraint—even though that bribe is worthless and even harmful to the supposed beneficiaries.

No one politicial party has a monopoly of insulting behaviour towards the intelligence of its citizens. The present apparatus *of dividend (and price) control was initially* introduced by the Conservative Government in 1972 and it is this legislation which Mr. Callaghan is now seeking to renew.

The extraordinary thing is the retrogression that has taken place in public policy over the years. Sir Harold Wilson was originally opposed to dividend controls because they would "ossify" the structure of the economy. In the early days of *pay policy under Mr. Maudling* and Lord George-Brown, all the policy documents and Budget speeches emphasised that income from investment needed to be controlled in a different way from wages. The pledge was given that *if profit income* shot ahead of wages (over a business cycle) company taxation would be increased so that workers did not lose from wage restraint.

The argument was that, in a healthy economy, profits—and therefore dividends—of different companies would grow at very different rates and a uniform limit was entirely unsuitable. *Far preferable* was an overall control of the profit total within which companies would compete for relative shares.

In fact even this overall control proved unnecessary. The share of gross trading profits (after deducting stock appreciation) in total final output fell from about 13 per cent in the 1950s to 9.5 per cent in 1966 and then plunged to 4.5 per cent in 1976. So far from worrying about a profits explosion *Ministers and officials* have been desperately concerned with the low profitability of British industry.

Squeeze

Nor have changes in distribution policy enabled investors to escape the profits squeeze. Equity income, adjusted for inflation, has according to the de Zoete Index fallen by 50 per cent from its peak in 1966 and is now no higher than in the early 1950s. Share prices have fallen even more severely in real terms. Even after their recovery from the 1974 slump, they are still 65 per cent below *their previous peak.*

But policy has developed in complete disregard of the evidence. Dividend ceilings were instituted in 1966-69 and again from 1972 onwards. This happened despite the introduction of price controls in the latter year and despite Mr. Healey's raising of the top tax rate on *investment income to 98 per* cent in 1974. This is a policy of belt, braces, suspenders and zip-fasteners, all together.

Who are the shareholders who have to be squeezed at all costs? The share of individuals in the ownership of quoted companies fell from 59 per *cent in 1963 to 37½ per cent in* 1975 and has since certainly fallen further. Pension funds and insurance companies in 1975 held some 33 per cent of the total. Investment and unit trusts held 10 per cent; and the *remainder were held* by the public sector, industrial companies, charities and overseas holders.

There were in 1972-73 some 2.1m individual stock and shareholders amounting to 9 per cent of all taxpayers. About four-fifths of the total of dividends and taxed interest went to people earning above £2,000, which was then just above the median income for taxpayers generally. The effect of tax was to bring down the average net dividend income of shareholders in the top category (incomes above £20,000) from £11,884 to £2,365. This reduction was achieved long before the top marginal rate on investment income reached 98 per cent—thus underlining that a separate control on distribution is unnecessary. The difference *between dividend restraint and* the tax weapon is that the former tends to freeze the relative share of different companies, while the latter does not.

The Diamond Commission pointed out that between 1963 and 1973 pre-tax dividends received by persons grew in money terms at an average rate of about one third as fast as earned incomes. In real terms dividends declined by 20 per *cent over the decade.*

The Diamond Commission Report of 1975 went out of its way to emphasise the distortions imposed by dividend control. Again and again it stressed the role of dividends in raising equity finance and the importance of equity finance as a basis *for other forms of finance.* Indeed retained profits were seen as a postponement of dividend payments.

Although new issues *accounted for only 6.5 per cent* of total corporate investment funds in the period 1950-72, *they were the major source of* external funds. In its final paragraph the Report stressed that *a prospect of increased future* dividends led to share prices and facilitated equity issues. "*We think that differing dividend yields* between companies enable the return to equity to *reflect* the *differential* risks involved in different industries and companies. External constraints which distort the dividend policies of company management may hamper this allocative process."

Its final warning was that "In the longer term the return to equity holding must be competitive with the return which investors can obtain on alternative investments. *If they are not* it is unlikely that the past level of savings for equity investment will be maintained."

The Diamond Commission *had difficulty in making up its* mind whether recycled funds — i.e. sums paid out in dividends and then reinvested — resulted in more profitable investment than pure retentions. In the end it concluded that "*companies which are efficient* will use funds efficiently whatever their source." But it added that this conclusion rests on the assumption that "the decision to distribute is made solely for commercial considerations. The position could well be different *if companies were compelled* by external constraints to retain funds which left to their own judgment, the would have distributed."

In other words companies which have been forced to *retain funds against their will* will be tempted to look for inferior investment projects or engage in takeover projects not justified by efficiency considera*tions and which tend to increase* industrial concentration quite unnecessarily.

A great deal is made in official apologias of the possibility of gaining permission to raise dividends when this is necessary to facilitate a rights issue. This does not remove all deterrents, as the attractiveness of an *issue — and therefore its cost* to the company — depends directly on the *future* dividend prospect. In any case the concession is irrelevant to a company with the opposite problem of sitting on a mountain of cash.

The Treasury's own assessment given to the Wilson Committee on June 9, 1977, was that "even with the rights issue relaxation, there can be little *doubt that dividend control has* tended to distort the equity market, making it less attractive to private investors, and has thus to some extent increased the cost of raising new capital."

One aspect of the corporate crisis of 1974 was the drying up of the new issue market, and the threat of severe overgearing, as companies became alarmingly dependent on bank finance. Following Mr. Healey's raising of the limit on dividend increase from 5 per cent to 12½ per cent in 1974 (and other measures to revive the equity market) *industrial and commercial companies* raised a record £1bn in new issues of Ordinary shares in 1975.

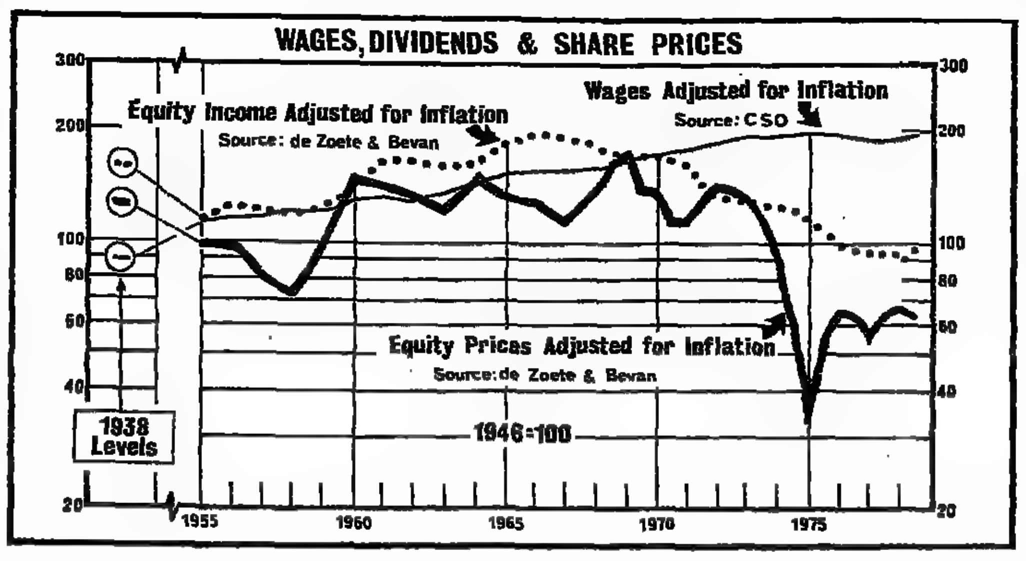
In that year the dividend limit was put back to 10 per cent as part of the new pay policy. By 1977 new issues were down to just over £700m and accounted for 3.9 per cent of corporate funds compared with *8.1 per cent in 1975.* The latest concessions relating to cover and profits growth are *of a* limited kind. According to Phillips and Drew only 30 per cent of quoted companies will be able to raise their dividends *as a result.*

How much damage dividend controls do is difficult to judge. *It is one of a long list of policies* tending to ossify the existing industrial structure and inhibit new developments. Of course, some people with financial know-how may to some extent get round dividend controls as they can get round 83 per cent marginal taxes on earned income or the constrictions of a uniform pay norm. But all these avoidance techniques impose a cost—above all in talent which could be used more productively.

For whose benefit is all this done? It is extraordinarily difficult to meet anyone who in private conversation really wants dividend control. It is always "trade unionists," "my members" or "public opinion." *A thorough going opponent of* private capitalism could argue in favour of turning over the equity to the state or to the workers themselves. But to maintain a substantial privately owned sector and prevent its *proper functioning* is the kind of stupidity into which otherwise sensible people are led by the obsession with pay controls.

The tragedy is that the Prime Minister has become so personally and passionately con*vinced that the future of this* country depends on a permanent incomes policy that he is prepared to accept other policies he knows to be damaging—if he thinks that there is a 0.1 per cent chance that they will help *the climate for pay controls.* Although no doubt Mr. Callaghan hopes that the general appeal of pay restraint will help him in the election, he is prepared to take electoral risks by going for a specific norm which *may turn out to be not all that* popular. What a pity it is that this very genuine patriotism could not be put to a better cause. He does not lack advice on the very limited and temporary role of incomes policy: *if only he would turn* to it.

Samuel Brittan



Letters to the Editor

Textile pay

From the General Secretary, National Union of Dyers, Bleachers and Textile Workers

Sir,—At a meeting of the National Association of Unions in the Textile Trade held on July 14, the whole philosophy of the pay policy was rejected unanimously, especially bearing in *mind the attitude towards* special cases." The Government was already aware of the problems facing the textile industry, indeed the NEDO Industrial Strategy Report laid emphasis on the poor wages prevailing in the industry (13-15 per cent below national manufacturing average). The association was concerned that on each occasion during the whole pay policy period claims put forward under anomalies had been completely rejected arguing that textiles could not be considered a special case.

The National Union of Dyers, Bleachers and Textile Workers is totally opposed to the continuance of any form of pay policy. We appreciate the economic problems facing the country and do not wish to turn the clock back towards rapid inflation but it appears to us that the policies designed to reduce inflation and protect the low paid workers have only worked one way, that is reduce inflation.

Regarding the political arguments on differentials, we agree on a general basis that incentive must be there *to encourage workers to accept responsibility.* This criteria should not however be used in isolation—that is for certain sections of the community at the expense of members of unions like ours representing workers receiving wages a great deal less than average wages for manufacturing industry.

I suggest that the learned gentlemen who advance these policies should rectify the situation by introducing a national minimum wage which should be in excess of the subsistence level thereby getting rid of the poverty trap or, indeed, practice what they preach—tighten their belts and even if they consider it not possible to live off wages similar to the ones being received by our members at least they would sit back during the pay policy period and be satisfied that at least they are living comfortable off the wages prevailing.

Perhaps they could explain to me how I convince my members that while other individuals in the community can have wage *increases* between £2,000 to £12,000 per annum why they would accept 5 per cent of a wage which is already in the *poverty trap.*

F. Dyson.
National House,
Sunbridge Road, Bradford.

Microelectronic chip engineering

From Mr. R. Toeman

Sir,—The Department of Industry is reported (July 22) to be taking steps to fund a "British" effort in very large scale integrated circuits, currently defined as 64K RAM chips. Since GEC, Plessey, STC, etc. appear incapable of offering even a *united effort to solve* the problem of modern UK telephone systems, the Government seems now to be interested in starting from square one, with one Briton and two U.S. chip experts.

What is obvious in this kite flying is that no "all British" company exists with global marketing organisation, experience, and technical ability remotely like the capability of the handful of firms existing in the field. These are of U.S., Japanese and Dutch origin. To work in this difficult field requires a track record of worldwide success in a well established industry. With no real understanding of the world market the Government could be doing another Concorde; spending, say £1bn of taxpayers' money for a product that has no secure basis commercially.

The Government, National Enterprise Board, etc. have been talking for months while Japanese, Dutch and U.S. companies have been forging ahead for years. The issue of who will win in this enormously complex field is almost settled. Judging by past effort Government has all the time in the world while opportunity comes and vanishes. The semiconductor business is the fastest moving industry that exists anywhere. Development and research on a colossal scale, unknown to those outside the industry, are continuous.

We have in this country two companies with world wide cap*ability in marketing, in R and D,* preproduction, mass production; Philips and Texas Instruments. They have a first class record of success, of commercial and technical capability, provide employment for thousands of Britons, they stand well in the world league. The Government, according to the Financial Times, seems to take its cue from Mackintosh Consultants. What successful product makes this firm worthy of acting as Government advisers? Can the Minister at the Department of Industry name such products? Current information points to ivory tower philosophy; as always this can only end in missing yet another opportunity and squandering taxpayers' money.

No companies other than those *mentioned are worth considering.* Is the Government cold shouldering them? Could this be yet another case of the parochialism *of our commercial "non savoir faire?"* The rhetoric of the "all British" chip gives me a feeling of listening to barber shop trivia.

R. Toeman.
21, Avondale Avenue,
Hazel Grove, Stockport.

Liability for products

From Mr. A. McMinn.

Sir, — Surely Mr. Tye (July 19) is not suggesting that "*product loss control*" however superbly exercised, would have prevented the American lady from using her micro-wave oven *to dry her dog and then ensured* that she would lose her case when claiming the liability of the manufacturer.

I can assure him that extreme care is exercised in most manufacturing companies and product liability is uppermost in most responsible companies' *thoughts,* but the American scene he depicts as about to "pick up our industrial system between thumb and forefinger and *quietly* squeeze it" is hardly included as normal and acceptable product liability.

What insurance company would offer you cover to meet such ridiculous claims? A risk can be insured if it can be defined and quantified, but otherwise not.

Why don't we bend our efforts *to ensure* that the laws of the land are sensibly drawn, instead of trying to cope with idiotic distortions of the truth of liability?

A. J. McMinn.
Rohan, Spring Meadow,
Playford, Ipswich.

Insider dealing

From Mr. S. Penwill

Sir,—If, intending to sell a shareholding, I acquire information not generaly *available* which causes me to change my mind, do I become an insider non-dealer and how will legislation cover such a situation? Who will know but myself?

How is it to be decided that the information in any event is such as would materially affect the market price of shares, when in many cases the market price is based on hope or rumour? There *are many examples of higher disclosed* profits resulting in a fall in market prices and vice versa.

S. W. Penwill.
158, Fenchurch Street, EC3.

Saving energy

From Mr. J. Millar

Sir,—The President of France urges America to cut its imports of oil. This could be achieved if waste could be avoided in heating and cooling public and private buildings.

The U.K. as well as the U.S., France and all the free world, urgently need to reduce their consumption of energy for the heating and cooling of buildings. *All, repeat all, buildings,* public and private, must have double glazed windows and roofs insulated on the inside with a thickness of *insulation at least* double that regarded as necessary by any expert.

The present heat loss could be substantially lowered, resulting in a massive reduction in energy consumption and power station loads—also in the number of unemployed, who could be used for a crash programme to carry out the work.

J. H. Millar.
49, Avenue Hector Otto,
Monaco.

Don't shoot the pianist

From Mr. R. G. Humphreys

Sir,—I find myself in considerable agreement with James *Morrell's letter* (July 14) about forecasts; with its apposite caption: "Don't shoot the pianist." And the recent problems with *the Treasury's forecast* of unemployment and those of other departments lie in the same field.

Mr. Morrell refers to the fore*caster putting the odds* on the different possible scenarios; also to the difficulties of correctly determining the trend in incon*sistent past data.* The difficulty is that most forecasters present their results with considerable precision (e.g., three significant figures) *which is deceptive* to the layman, so that the pianist unnecessarily draws fire upon himself.

Can *I offer a suggestion,* at least for putting into operation on a trial basis, which may help the forecasters and their readers. It is to preface *each forecast* with a note on the following lines:—

> "This forecast shows the most likely trend, in our view, resulting from historical trends and changes of policy before (date). The chances of the actual result being exactly the same as the forecast are virtually nil: the result is *about equally* likely to fall below or above the forecast, unless otherwise stated in the notes. The lower limit (above which we *believe the result is* virtually certain to fall) and the upper limit (below which, etc.) are also indicated in the notes."

Which will help to cover the statistical problem. There is one more note to add:—

> "This forecast does not take into account any changes of trend caused by decisions made as a result of reading it (this forecast). If action is taken, the forecast is no longer valid."

Which will help to stop time wasting arguments after the event about whether forecasts were "right" or not. The only *way for an influential forecaster* to be right is to lock up his forecasts in his safe until after completion date, in which case he *will not* be influential any more.

This leads to another aspect—the purpose of forecasts and the confusion between targets (for *aiming at) and plans (for keeping* on the right side of the situation) and budgets (for a monitoring datum point): but *space forbids suggestions* about how to cope with that.

Gordon Humphreys,
Binder Hamlyn Fry and Co.
227-228, Strand, WC2.

Pensions and inflation

From Mr. R. Bankes-Jones.

Sir,—Mr. Rutherford (July 7) visualised that nationalised industries could fall back from funded to pay as you go indexed pensions because (unlike in the private sector) they could be underwritten by the taxpayer. Mr. Townsend (July 21) very properly rounds on this with a volley of cogent commonsense, to the effect that public money should be used for maintaining the real value of public and private sector pensions equally, not public sector pensions only.

By way of criticism, he does not make the point that public and private sector pension increases could be on an equal but less than indexed basis; or that, short of recourse to the taxpayer for maintenance of nationalised industry pensions, *it is still the consumer,* as customer instead of taxpayer, who foots the bill; or that additional component state pension *(or equivalent) will gradually* index all pensions up to a modest limit. Nor does he encompass the possibility that it may be eating the cake and having it for the common objective (for private and public sector alike) to be a good initial level of pension which is also indexed.

Much more important, however, Mr. Townsend makes his fair point in the abstract in that he does not touch on how to right the wrong which he points.

In support of him perhaps one approach might be (in respect of public and private sectors equally and alike) to:—accept that funding forward for both initial pension and indexed increases in retirement is likely to continue to be unreasonably expensive; and therefore to fund for initial level of pension only, on the basis that depreciation of the occupational pension by reference to a suitable index would be an add-back to the net after PAYE on the tax return for the year ended. For example, say, occupational pension of £2,500 gross, tax £500, £2,000 net, 10 per cent inflation equals £250 add-back. That add-back would be a revenue charge against the former employer for the same tax year: or failing that to a central Department of Health and Social Security sub-head. The individual would have the add-back knocked off the gross in coding for the next year (in the same way as were, before retirement, his pension contri*butions). The arrangement* would be analogous to indexed personal allowances.

The equal result for all citizens of our single democratic society is partial funding, plus partial pay as you go, plus underwriting by the state.

R. M. Bankes-Jones.
154, Palewell Park, SW14.

Trading in options

From Mr. J. Ellis.

Sir,—For the second time in a few weeks I have read a comment on traded options saying that the market is dominated by professionals, and wonder if it is as simple as that.

In the issue *of* July 22 emphasis is placed on about a quarter of the contracts coming from one covered writer. I *wonder if the same picture* would emerge if one looked at the number of people involved, be they individuals or groups?

From what I have seen in my stockbroker's office I am sure that the private investor is at a disadvantage in having no screen, and therefore unable to react quickly enough. Added to which the stockbroker is likely *to move along the leaning curve* much quicker because he gets more practice in a week than I will get in a year. Hence he has *my authority to* get on with the job.

As for the level of commission, the amount of technical equipment needed is much greater than for ordinary dealings, and therefore attracts a higher level of overheads. If one uses a service one must pay for it—vide "charges on Page 19."

J. F. Ellis,
32, Green Lane,
Middlesbrough.

Delays in the mail

From the managing director Cass Electronics

Sir,—An analysis of our postal delivery this morning (July 25) shows that only 63 per cent of the first class letters arrived on the day after posting: 37 per cent took four days.

The performance of second class mail was even worse—9 per cent of the letters received took one week, 28 per cent—six days, 9 per cent—five days and 43 per cent took four days. This deterioration in postal services is *of great concern to us as* a company, especially as we pride ourselves on answering correspondence on the day received.

E. V. Cass.
Crabtree Road, Thorpe, Surrey.

Unconditional discussion

From Mr. G. Fokschaner.

Sir,—In your leading article on Middle East intransigence (July 21) your views reflect a *point of view which seems to* have ignored one basic consideration.

Israel would like to continue *the discussions, without pre*conditions and it is only by means of an unconditional discussion that serious progress can *be made in this particularly* difficult stage of a negotiated peace agreement.

To ask for concrete territorial concessions as a pre-condition to the continuation of the talks themselves puts a question mark on the declared sincerity of Egypt's intentions in this matter.

G. Fokschaner.
2, London Wall Buildings,
EC2.

Referendum in London

From the Member of Greater London Council for Hendon North

Sir,—Your feature on the dispute over the 1984 Olympics *(July 22) referred to the possibility* of London hosting the 1988 games. A feasibility study is to be carried out by Sir *Malby Crofton.* When he has completed his work, would it not be a good idea to ask Londoners as a whole through a referendum whether they wish to hold the 1988 Games in London or not?

Bryan Cassidy.
County Hall, SE1.

Today's Events

GENERAL

Labour Party home policy committee meets.

British Airways annual report.

Electricity Council and Central Electricity Generating Board annual reports.

Railway Staff National Tribunal hearing on business performance plan, Connaught Rooms, WC2.

PARLIAMENTARY BUSINESS

House of Commons: Proceedings on Dividends Control Bill.

House of Lords: Scotland and Wales Bills, consideration of Commons reasons for rejecting Lords reasons. Debate on oil pollution. Motion to approve *Shipbuilding (Redundancy Payments Scheme) (Great Britain) Order 1978.*

Select Committee: Race Relations and Immigration. Subject: Effect of UK membership of EEC on race relations and immigration. Witnesses: EEC migrant workers (4 pm, Room 6).

OFFICIAL STATISTICS

Car and commercial vehicle production (June, final). Energy Trends publication from Department of Energy.

COMPANY RESULTS

Final dividends: Cawoods Holdings; Denbyware; Fitch Lovell; Hillards; Inchcape; Redland. *Interim dividends:* Barclays Bank; Beaumont Properties; Cardinal Investment Trust; Jacobs (John I.); Prestige Group; Yorkshire Chemicals.

COMPANY MEETINGS

Ambrose Investment Trust, Institute of Chartered Accountants, EC, 12.30. Beechwood Construction, Swansea, 12. British Steam Specialities, Leicester, 12. Caffyns, Eastbourne, 3. Carlton Industries, Bristol, 12.30. Comben, Bristol, 12. Cohen (A.), 8, Waterloo Place, SW, 12. Exchange Telegraph, Extel House, EC, 12. Leigh Interests, Edgbaston, Birmingham, 12. Lyons (J.), Cumberland *Hotel, W., 10.30.* Plysu, 100, Old Broad Street, EC, 11. Press (Wm.), Inn on the Park, W, 11.30. Sangers, Connaught Rooms, WC, 12. Sheep*bridge Engineering, Grosvenor* House, W, 12.30. Wheway Watson, Glasgow, 12.15.

COMPANY NEWS

Rediffusion changes auditors despite some opposition

BY JAMES BARTHOLOMEW

THE MEMBERS of Rediffusion voted overwhelmingly to change auditors at the AGM yesterday despite vocal opposition from Mr. *Jack Clayton, a former director,* and Mr. Shiner, a representative of the Post Office Pension Fund.

Mr. Clayton alleged that the change was "wrong in principle" and that he had previousy had "experiences of the subordination of the interests of Rediffusion to those of British Electric Traction." B.E.T. owns 57.66 per cent of Rediffusion.

The motion before the meeting was to appoint Deloitte, Haskins and Sells as auditors of the company in place of the existing joint auditors Binder Hamlyn and Fryer Whitehill. Deloitte is the auditor to the parent company BET.

The Board unanimously recommended the resolution on the grounds that it would simplify the audit. The chairman, Sir John Wills, said that effort and money was currently being wasted since the joint auditors had to check on the work done by other auditors who were responsible for certain *subsidiary companies.*

Mr. Clayton accepted the validity of this argument but suggested that the logical conclusion was that the present auditors should continue in office and additionally take on the audit of those subsidiaries.

Sir John's view, as expressed in a joint statement in the annual report, was that "If there were to be a change to a single firm, it seemed to your Board sensible to ask shareholders to invite Deloitte Haskins and Sells to undertake the task. As auditors of Rediffusion's parent company, BET, Deloitte, Haskins and Sells already have to review the Rediffusion audit."

Mr. Clayton, in the course of a long speech, said that he believed that the change of auditors went back to a qualification of the accounts of a subsidiary, Second Premier, back in 1966. Mr. Clayton said, "Mr. Fryer, I believe, was never forgiven for his qualification." The late Mr. Fryer was a partner of one of the joint auditors, Fryer, Whitehill.

This claim was denied by Sir John later yesterday. He said it was "absolute twaddle" and that the incident had happened years ago.

Mr. Clayton described two occasions on which he alleged that Rediffusion's interests were subordinated to those of BET. In one case he alleged that Sir John had capitulated to an attack on Rediffusion regarding shares in Second Premier partly because the attack might be switched to BET.

Sir John Spencer Wills—effort and money being wasted.

Secondly he alleged that Sir John, who is chairman of both BET and Rediffusion, had secured 50 per cent of Associated Rediffusion for BET "to the detriment of Rediffusion."

Sir John said later yesterday that it was "absolutely untrue" that he had at any time subordinated the interests of Rediffusion to those of BET.

Sir John did not comment on a suggestion by Mr. Clayton that BET should make an offer to buy out the minority shareholders of Rediffusion.

Mr. Shiner of the Post Office Pension Fund asked several detailed questions about the accounts and requested that one of the non-executive directors should expand on how the accounting would be simplified by the change of auditor.

Sir John answered the question himself, saying that it would be "unorthodox and perhaps improper" for a non-executive to reply. He said that the duplication and waste described before was due to the fact that guidelines for auditors introduced some two years ago meant that one reputable firm of accountants could not take the word of another. This meant that parent company auditors had to check the work of auditors of subsidiaries.

The vote on changing auditors was passed on a show of hands with four opposing. Sir John said that the proxy votes, excluding the votes of BET, were 92½ per cent in favour of the change. He said that this showed the vast majority of shareholders, most of whom had business experience, were in favour of it. This figure of 92½ per cent was exclusive of the voting power of BET itself. But in any case he did not accept the suggestion that BET would have been morally obliged not to vote if the motion had gone to a poll.

Stock Conversion expands £1.2m

WITH THE share of associate companies' taxable earnings up from £793,000 to £1.26m, Stock Conversion and Investment Trust lifted profit from £4.17m to £5.38m for the year to March 31, 1978.

Tax took £2.73m (£2.04m) leaving earnings per 25p share higher at 8.78p (7.1p) basic and 7.91p (6.47p) fully diluted. A net final dividend of 1.02175p takes the total to 2.01175p (1.8025p) which absorbs £802,000 (£539,000). There were extraordinary credits this time of £808,000 (debits £15,000).

	1977-78 £000	1976-77 £000
Revenue	5,272	4,349
To minorities	1,141	977
Share of associates	1,264	793
Revenue before tax	5,385	4,165
Tax	2,726	2,040
Net revenue	2,629	2,125
Extraord credits	808	*15
Making	3,237	2,107
To capital reserve	109	9
Ord. dividends	602	820
Retained	2,537	1,377

* Debits. † From capital reserve.

See Lex

The interim dividend is 6.7p (6.6p) net per £1 share—last year's final payment was 8.38p.

Mr. P. J. Dodd, the managing director, anticipates that profits and rebate distributions for 1978 will show a substantial increase on the records achieved for 1977.

Gillett Bros. sharply down so far

The directors of Gillett Brothers Discount Company state that as *a result of rising interest rates,* discount market business has been unprofitable with the result that group profits, so far, are sharply down from the exceptional levels reached at this time last year.

They add that in the light of the prevailing economic uncertainties, no forecast can be made of results for the full year to January 31, 1979.

For the 1977-78 year group profit and transfer to contingencies was £1.01m (£0.47m).

Midterm progress by Leda Trust

After tax of £38,166 against £34,572, revenue of Leda Investment Trust advanced from £63,032 to £73,058 for the first six months of 1978. For all the previous year, the figure was £140,317.

Gross revenue at the half-year amounted to £138,273 (£124,634), which included a subsidiary's profit on dealing of £4,434 (£608).

Earnings per 20p income share are 1.47p (1.29p) and the interim dividend is stepped up from 0.99p to 1.139p net—last year's final was 1.782p.

At June 30, 1978, net asset value per 5p capital share, after allowing for conversion of the remaining convertible loan stock, is shown at 52.7p (42.8p).

UniChem ahead 59% in first half

Turnover for the first half of 1978 of UniChem, the independent pharmaceutical wholesaler, rose by 34.6 per cent to £44.91m and pre-tax profits by 59.2 per cent from £1.32m to £2.11m. For all 1977, the figures were £72.16m and £3.29m respectively.

Margin of profit on sales for the half-year was 4.7 per cent (4 per cent). Distributions amounted to £386,000 (£392,000).

Albion back to profit in first half

A recovery from losses of £42,000 to a pre-tax profit of £208,000 has been achieved by Albion, maker and wholesaler of menswear, for the half year ended March 31, 1978.

Orders on hand at present show an improvement on the previous year and the directors are satisfied that the second half will show a similar level of profit to that of the first six months.

For the year to September 30, 1977, the group reported a loss of £30,000 against profits of £100,954 previously.

After a two-year absence, the group is returning to dividends with an interim payment of 0.6p net. The last dividends totalled 2.068p in 1974-75.

Tax charge in the half year is £108,000 (nil). Attributable profit is £94,000 against a loss of £217,000 after minorities £6,000 (£5,000), and an exceptional debit last time of £170,000. Retained profit amounts to £71,500.

The board states that the turnround from the previous year's results has been mainly due to increased activity in the manufacturing units. However, the reorganisation of the activities in the Republic of Ireland and the amalgamation of the two wholly-owned wholesale subsidiaries in the north of England have also materially contributed to the half-year's figures.

HIGHLIGHTS

Thomson Organisation has published its extensive proposals to merge all the existing interests of Thomson and the North Sea interests of Thomson Scottish into a new company, International Thomson Organisation, which is incorporated and resident in Canada. Lex also takes a look at the asset backing for Stock Conversion. Elsewhere, Laurence Scott has been hit by a drop in orders for electrical motors and second-half profits are 20 per cent lower. PMA, however, appears to be pulling out of the woods following a reasonable profits performance in the second half while borrowings are being substantially reduced. On the issue front the Camden Corporation £15m issue brought in applications for £1bn of stock.

PMA improves to peak £173,000

An advance in taxable profits from £62,000 to a record £173,000 is reported by PMA Holdings, the furniture manufacturer, for the year to March 31, 1978. Turnover was higher at £7.89m against £6.84m.

When announcing first-half profits of £10,000 (£28,000 loss), the directors anticipated a continuing trading improvement with the full-year result being substantially better than for 1976-77.

They now report that first quarter results for the current year show sales, profits and order intake all substantially higher than for the same period last year.

Attributable profit at the year-end emerged ahead from £49,000 to £176,000, after tax credits of £10,000 (£17,000), pre-acquisition losses of £17,000 last time, and £7,000 (£13,000) extraordinary debits.

Earnings before extraordinary items are shown as 6.4p (2.5p) per 25p share, and after as 6.1p (1.9p). As forecast dividends are restored, with a payment of 1p net—the last were in respect of 1972-73 when 3.0525p was paid. For the current year, the directors anticipate paying both an interim and a final dividend.

They say the improvement in the group's liquidity has been considerable—net current assets have improved from a negative figure of £897,000 in March, 1976 to a positive figure of £55,000 for this year, while bank borrowings have been reduced.

The only asset remaining which is not required in the business is an office block in Manchester. The group is improving the marketability of this property and will dispose of it as soon as market conditions permit, the directors add.

● comment

Two years ago when Malcolm Meredith and his colleagues moved in to head up PMA the company was losing £60,000 a month. Now it is producing profits—in the last six months PMA made £163,000 pre-tax—but there is still a long way to go. The return on net capital employed was 8.7 per cent last year, not impressive for the furniture trade, on the pre-tax margin was just 2.2 per cent. However the most profitable operation, Bridge Upholstery, which manufactures up-market traditional furniture, is an ideal base from which PMA can get its other furniture activities up to a reasonable return on capital. Meantime borrowings are down from £1m to £½m (shareholders' funds were just under the £1m mark a year ago).

PMA has come back from the brink of disaster, and, still working from a low base, profits growth this year should be impressive—it would not be surprising if profits doubled this year given the better demand profile for the whole sector. On a nil tax charge the p/e is 6.4 after yesterday's 5p jump to 42p and the yield is 3.6 per cent which suggests that the market is already looking to the current year.

Centreway in excess of £1m

AS EXPECTED, profits before tax of Centreway, at £1.03m for the year ended March 31, 1978, are materially in excess of the £639,015 achieved in the previous year. Sales increased from £5.76m to £7.45m.

In the first six months, pre-tax profits had risen from £217,000 to £474,000.

Earnings per 50p share are given as 32.8p (35.5p) and a final dividend of 6.167p makes a maximum permitted 12.168p against 10.896p.

Capital Annuities repayment plan

The formal winding-up order for Capital Annuities, a small life insurance company which ran into difficulties over two years ago, was made by the High Court yesterday.

Although the company is now in liquidation, nearly two and a half years after the group made its application for voluntary *winding-up, the* Policyholders Protection board intends to secure payment to each policyholder of certain amounts due under any policy at the date of the winding-up order. It also intends to secure the continuity of certain benefits under existing policies.

During the next few days the Policyholders Protection board will be writing to Capital's policyholders informing them of the arrangements, and making the offer of substitute policies.

The *protection* board was set up under the Policyholders Protection Act 1975 to administer the provisions of the Act, which guarantees that policyholders in failed insurance companies will receive at least 90 per cent of benefits under insurance contracts. This is financed by levies on insurance companies.

TRIBUNE INVEST.

Tribune Investment Trust is negotiating currency swap arrangements of US$2m against an equivalent amount of sterling for three years at an interest differential in favour of the company.

In the interim, a loan of $2m has been arranged with Baring Brothers and Company for a maximum period of six months at a rate linked to the London inter-bank offered rate.

ISSUE NEWS

Ernest Jones starts well

Dealings in Ernest Jones (Jewellers) got off to a good start yesterday with around one-third of the 1.5m 10p shares changing hands.

The offer for sale priced the shares at 115p and the issue was over-subscribed by 84 times. At 144p the opening price offered a premium of 29p. During the day the shares rose to about 148p but later fell back to close at 141p.

At this level the market value is £7.05m. On the forecast £1.2m profit, the prospective p/e is 12.2 (full taxed) and the yield 5.8 per cent.

Market dealers said most of the shares traded were small holdings.

Hill Samuel was the issuing house and Fielding Newson-Smith the broker.

CAMDEN SUCCESS

The List of applications for the issues by London Borough of Camden of £10m of Variable Rate Redeemable Stock 1983 at £99¾ per cent and £15m of 12¼ per cent Redeemable Stock 1985 at £99¼ per cent, closed yesterday morning, the issues being oversubscribed.

The basis of allotment is as follows. The £10m variable stock: all applications for less than £30,000 have been alloted in full; larger applications will receive approximately £2.9 per cent.

The £15 issue of fixed rate stock: applications for up to and including £300 in full, applications for £400 to £40,000 will not get any stock at all and applications for £45,000 and above will receive 1.813 per cent of the amount applied for.

FERRANTI QUOTE NEXT SEPTEMBER

At Ferranti's annual meeting yesterday the chairman, Mr. Sebastian de Ferranti, told shareholders that an extraordinary meeting will be held in September to seek shareholders' approval for a listing for the company. The proposed Stock Exchange flotation is planned for the last week in September.

LEVEX/87%

Levex's rights issue of 3.6m ordinary shares has been taken up as to 87.12 per cent of the issue representing 3,136,180 shares.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Albion	int.	0.6	Sept. 20	Nil	—	Nil
Badulipar Tea		3§	—	3	3	3
Centreway		6.17	Oct. 6	5.52	12.17	10.9
Drayton Far East	int.	0.3	Aug. 25	0.3	—	0.8
Geevor Tin	2nd int.	2.93	Sept. 15	—	‡	4.51*
Gen. Stockholders	int.	2.3	Sept. 15	1.7	2.3	1.7
Gillett Bros. Disc.	int.	6.7†	Aug. 25	6.6	—	15.18
Laurence Scott		3	—	2.22	5	3.02
Leda Investment		1.14	Aug. 31	0.99	—	2.77
P.M.A. Holdings		1	—	Nil	1	Nil
Stock Conversion		1.02	Aug. 31	0.99	2.01	1.8
Vantage Secs.	int.	0.2	Oct. 2	0.15	—	0.5
Vosper	int.	2.5	Sept. 21	2.27	—	4.62

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ At least 3.76875p final anticipated. § For 1976.

Dividend amendments

Following confirmation of the reduction in ACT from 34 per cent to 33 per cent, the following companies have amended their dividends:

Caledonia Investments: Final dividend on account of the year to March 31, 1978, 0.07091p to be paid at the same time as the interim dividend for the 1978-79 year.

Alfred Dunhill: Has declared a second interim dividend of 0.09173p for year to March 31, 1978. This would bring the total to 8.80824p, the maximum permitted by current dividend controls.

British and Commonwealth Shipping Co.: Final dividend on account 1977 of 0.07387p to be paid at same time as the interim dividend for 1978.

Property Holding and Investment Trust: Supplementary final dividend of 0.061p to be paid at the same time as the interim dividend in respect of the year to March 31, 1979.

Sterling Industries: Final 0.139p in respect of year to March 31, 1978, to be paid at the same time as the interim dividend in respect of year ending March 31, 1979.

Vosper starts negotiations over compensation claims

NEGOTIATIONS ARE to start today between Vosper and the Department of Industry to settle compensation concerning the nationalisation of the group's UK shipbuilding and shiprepairing undertakings more than a year ago.

Criticising the delay, Sir John Rix, the chairman, says "the effect on the company would have been less damaging if reasonable and prompt progress had been made, but to date only a paltry £650,000 has been received on account of the £25m of tangible assets which were vested in British shipbuilders on July 1, 1977."

He adds that the directors are determined to press for fair compensation to the limit the processes of law permit, but the lack of progress to date is inevitably inhibiting efforts to rebuild the company.

Profits before tax expanded from £304,372 to £918,608 for the six months to April 30, 1978, on turnover of £8.35m against £5.46m.

Tax took £362,192 (£23,216) and after minorities, and a revaluation of investments of £116,688 (£453,562), attributable profits were down from £779,849 to £674,722.

Sir John Rix—further progress expected in current year.

Comparisons are adjusted to exclude figures of those companies which were nationalised on July 1, 1977.

Stated earnings are 9.36p (5.41p) per 25p share, and the interim dividend is raised from 2.268125p to 2.5p net—the directors intend to pay a final of not less than the present interim. Last year's final was 2.3488p paid from £2.19m taxable profits.

Trading results of Vosper Private, Singapore, continued to improve, while the implementation of the plan, referred to in the last annual report, to develop its potential to serve world markets, is now proceeding.

The chairman says he confidently expects there will be a further improvement in group trading results at the year-end.

	Six months 1977-78 £	*1976-77 £
Turnover	8,347,843	5,464,191
Trading profit	849,941	241,371
Depreciation	78,996	64,082
Interest payable	37,065	12,977
Investment income	229,392	36,864
Share of associates' loss	47,429	36,785
Nationalised cos. divs.	—	139,087
Profit before tax	918,608	304,372
Tax	362,192	23,216
From minorities	1,618	†1,361
Revaluation of investts.	116,688	453,562
Attributable profit	674,722	779,849

* Adjusted to exclude figures of those companies which were nationalised on July 1, 1977. † To minorities.

Laurence Scott sees downturn

FOLLOWING MAINTAINED profits of £1.02m for the first half, Laurence Scott, electrical machinery and control gear maker, reports pre-tax profits of £2.4m for the year ended March 31, 1978, compared with £2.76m previously.

The directors say general progress should be achieved although figures for the first half of the current year are likely to be substantially lower than those for the comparable period last year, due to phasing on contract completions.

Earnings per 25p share are given as 19.64p (18.74p) and a final dividend of 3p makes the forecast total of 5p compared with 3.02p. Net asset value per share is 171p.

Turnover for the year increased from £28.61m to £33.49m. Profit is struck after higher depreciation and plant leasing of £749,000 (£519,000) and crediting interest of *£113,000 (£19,000 debit)*: Comparisons are restated.

Tax charge is £644,000 (£1.28m) and there are also extraordinary debits of £18,000 against £42,000.

● comment

Growth at Laurence Scott is being stifled by a scarcity of orders for electrical motors, which account for around 60 per cent of group sales. Static first-half profits have been followed by a second-half downturn of a fifth, and the shares dropped 5p to 103p. The order position is particularly acute at the heavy end of the market where industrial activity is at a low ebb, leaving factories operating at only two-thirds of capacity, compared with around 80 per cent in the previous year. Fortunately, the company can depend on its sophisticated control gear interests to partly sustain it through difficult times. Increased demand here from nationalised industries (in spite of public expenditure cuts) and the paper and printing sector helped lift volume sales by about a fifth, and this trend is apparent in the current year. However, overall, there are no major contract completions until September this year, so the first-half performance will look a little flat. Nevertheless, the several large orders that are in the pipeline from the CEGB and North Sea customers, plus a first-time *profit from the telephone answering machine company,* puts LS on target for around £3m this year. But the shares, yielding 7.6 per cent and on the p/e of just over 5, indicates a cautious line in the market.

Somportex turns in record result

Following record results in the first half, Somportex Holdings, confectionery, groceries and delicatessen distributor turned in *peak pre-tax profits of £237,234* compared with £76,726 previously.

Turnover was also at a record £3.62m (£2.86m). The results are mainly due to better figures in the confectionery section helped by the cooler summer and currency stability, the directors say. The trade also appeared short of stock and sales for Easter this year were higher.

Since the year-end, daily lines have been pressed by heavy competition but it is too early to judge how this will affect the year's total sales.

Earnings per 25p share are *shown at 19.43p (5.76p).* The recommendation of a dividend has been adjourned until August 2, but the directors have decided that the dividend should not in any case be such as to reduce cover below its highest since dividend curbs began in 1972.

Tax charge for the year is £101,090 (£36,397) leaving net profit at £136,184 against £40,329.

The directors say hard work has been put into the delicatessen sector which offers the possibility of a higher growth rate. The group moved to a larger office block and warehouse last month, doubling its capacity.

Drayton Far Eastern first half £139,600

First half 1978 gross income of Drayton Far Eastern Trust rose from £139,600 to £156,000 and pre-tax revenue was up slightly to £139,600 against £123,400 after management expenses of £16,400 (£16,200).

The interim dividend is maintained at 0.3p net per 25p share—last year's final was 0.6p paid from revenue of £238,283.

Six months tax took £82,700 compared with £60,100 leaving net revenue down at £56,900 (£63,300). Net asset value per share is given as 38½p as at June 30 compared with 42p as at December 31, 1977.

● THOMSON—THE DETAILS

Growth plans force Thomson abroad—UK minority holders to remain

BY CHRISTINE MOIR

THE 50-page document released by the Thomson Organisation yesterday as a curtain raiser to restoration of market dealing in the shares today, amounts to a merger of the existing UK company with the Thomson family interests, under a new company to be set up in Canada.

At the centre of the deal is the exercise by TO of its option to buy out 90 per cent of the family's 20 per cent interest in the Piper and Claymore oil fields in the North Sea. But the deal goes much further.

The company believed that if it merely exercised the option it would be in a position, not unlike GEC—with cash piling up and no way of getting it out into new investments. In the UK, Monopoly restrictions would soon put a stop to new acquisitions and internal moves would have been ruled out by the prohibitive cost of going through exchange control regulations.

For this reason, the company has opted for a new company, International Thomson Organisation, set up in Canada where there are no exchange controls.

The Thomson Organisation in the UK thereby becomes a wholly-owned subsidiary of ITO but the minority UK shareholders do not disappear.

The Thomson family could not in any case afford to buy them out on terms which would compensate for loss of future earnings. But, in any case, it lays considerable importance on retaining the minority and its London quote.

So shareholders will receive for every four shares they currently own:

One common share in ITO which will be quoted in London and rank as a foreign currency security) and,

Three sterling/dollar convertible redeemable preference shares in ITO.

The convertible shares will be exchangeable for common shares on a one-for-one basis up until 1988. At that point they will be subject to exchange control regulations in the UK. The cost of this will be $5.59 per share.

So that shareholders do not lose the benefits of the associated tax credit which they now have on their UK company's dividends, both the common and convertible shares in ITO will be offered with a mirror share in a new company to be called British Thomson Holdings. The ITO shares and their UK mirrors will be inseparable. The purpose is to permit shareholders to take their dividends in sterling (with tax credits) or dollars from a Canadian company which would not be subject to UK dividend restraint.

In a separate deal the Thomson family intends to sell the remaining 10 per cent of its fifth share in the Piper and Claymore oil fields to ITO, in return for shares.

The result would be to increase the family's stake in ITO from the 79.8 per cent it already owns by virtue of its holdings in Thomson British and its oil companies, to 81.3 per cent.

Because the family remaining 10 per cent in the North Sea is encumbered by a £10.45m loan, the family intends to compensate the minority shareholders for the dilution of ITO's net assets created by its assuming the debt.

This will be cash of 7½p per share or 5 per cent of the middle market price of TO's shares on the day the offer closes. (The level is pitched so as to avoid capital gains tax.)

According to yesterday's documents, International Thomson Organisation is poised for massive growth.

This year profits before tax are forecast at £126m (£90m from oil and £36m from TO). Net assets, including £100m of cash and including the oil fields at cost, will be £89m on the basis of the profit forecast, after total borrowings of around £198m.

Already the publishing and travel businesses are generating some £30m of cash, all of which is earmarked for expenditure. The oil fields, which are just approaching peak production, will generate at least £40m surplus over and above the heavy capital spending commitments.

Over the next few years, very substantial capital surpluses will continue to flow through and the company intends to plough these back in major development and acquisitions programmes both in the UK and abroad.

One of the first acquisitions on the publishing side will be the U.S. textbook publisher, Wadsworth, which ITO intends to buy from the Thomson family for around £17m. But there will also be major publishing buys in the UK in addition to a £100m modernisation, expansion and rebuilding programme for the existing newspaper chain.

No acquisitions are planned for the travel side at present but the fleet of aircraft will be increased.

In short the company intends to become "a leading international publishing, communications and information business with strong interests in leisure and natural resources."

The documents also contain detailed information about the Piper and Claymore oil fields in which ITO will now have a direct 20 per cent stake.

Piper is now approaching peak production of around 300,000 barrels a day. Thereafter its proven recoverable reserves of 618m barrels will be exploited over 17 years. Claymore, which has reserves of 404m barrels and an expected life of 23 years, should reach its maximum output of 130,000 barrels a day early next year.

So far the Thomson family's share of development costs has been £174m. It has also committed a further £43m for immediate expansion and there is a further £22m related to interest on loans.

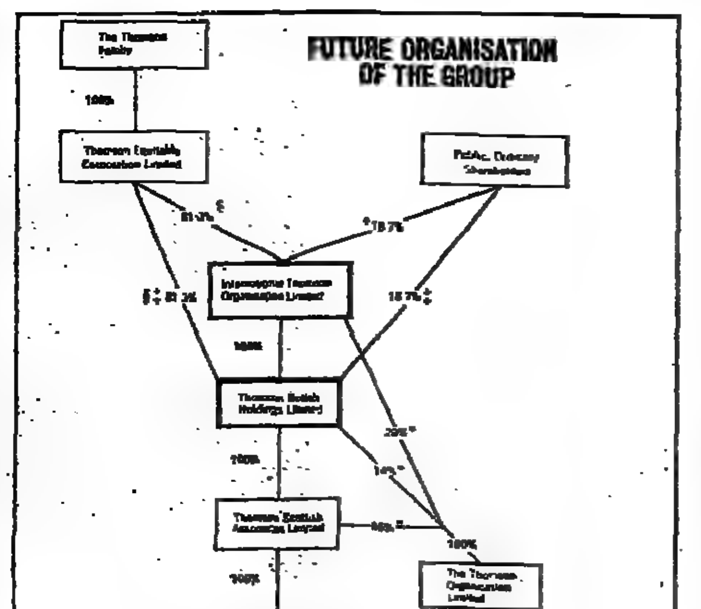
A total of £173m of borrowings have been raised to cover these commitments, of which £47m has already been repaid, leaving £126m outstanding.

It had been widely believed that Thomson would only exercise its option over the oil interests when the bulk of this debt had been repaid.

The documents now reveal that the company will gain by not repaying at least £77m of the £126m outstanding. This sum relates to loans made on very favourable terms to Thomson which leave it with virtually no liabilities to repay the capital except as and when actual sales of petroleum from the fields cover it.

TO has declared an ordinary dividend of 3.28p per share gross for the whole of 1978.

If the deal with ITO goes through the payment for each common share will be 10 cents initially, and the preference shares will attract 10.5p a share. So the gross dividend income to the holder of each current TO share would be 13.7p—just over a fourfold increase.



* approximate percentages.

† including 1,460,457 shares (1·0 per cent.) owned by the Thomson family.

‡ all shares in International Thomson Organisation Limited will have relaxed to them shares in Thomson British Holdings Limited.

§ including 4,000,000 shares (2·87 per cent.) to be transferred by Thomson Equitable Corporation Limited to the Thomson family immediately after the Scheme becomes effective.

All the above companies are incorporated in the United Kingdom, except for Thomson Equitable Corporation Limited and International Thomson Organisation Limited which are incorporated in Canada.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Barclays Bank, Beaumont Properties, Cardinal Investment Trust, Colonial Securities Trust, Drayton Commercial Investment, Ellis and Smith, John I. Jacobs, Prestige, Yorkshire Chemical.

Finals: Cawoods, Commercial Bank of Australia, Denbyware, Edinburgh American Assets Trust, Finch Lovell Hillards, Inchcape, J. Jarvis, Letraset International, Lynton Holdings, R. and J. Pullman, Redland.

FUTURE DATES

Interims—	
Bibby (J.)	Aug. 9
Canning (W.)	Aug. 2
Kleinwort Benson Lonsdale	Sept. 20
TACE	Aug. 3
Vantona	Aug. 3
Witter (Thomas)	Aug. 3
Finals—	
City of London Brewy. & Inv. Tst.	Aug. 2
Danks Gowerton	Aug. 17
Sterling Credit	July 31

Ingram slumps—no final

The directors of Harold Ingram, knitted garments group, state that an encouraging increase in exports, mainly to Europe, failed to offset a poor performance at home. Pre-tax profits for the April 30, 1978 year fell from £415,669 to a depressed £219,200, which included £30,650 surplus on sale of fixed assets against £34,105 last time. And the group is passing the final dividend.

At the interim stage, profits were £319,646, which included £86,312 profit on sale of machinery, compared with £305,392. Directors then said that the stagnant trading conditions in the UK, and the rise in exports, were both expected to continue in the second half.

Basic full-year's earnings per 10p share are shown as 3.3p (5.3p) and 3.2p (5p) fully diluted. The total dividend for the year is 1.29p, being the interim payment, compared with 2.81p last year, when a 1.52p final was paid.

Sales were down from £8.04m to £7.86m, of which exports accounted for £1.61m (£1.17m), and tax took £114,156 (£249,320) leaving a net profit behind at £105,044 against £166,149. The amount retained was £78,988 (£110,677).

Commenting on results Mr. Harold Ingram, chairman, states that the overall results are much more disappointing than he had hoped.

There was a sudden switch from fashion knitwear to dresses and blouses, which meant the group incurred stock losses of some £300,000. The group has redesigned its ranges to meet the changed market conditions but, he says, this will take time to show itself.

Also, directors have been forced to reconsider their T-shirt operation; imports from Portugal and Greece severely undercut the group's competitiveness, but quota restrictions, which have now been imposed on imports from Greece, "can only help us in the future."

Also, start-up losses were experienced at the group's German office. However, directors are convinced that Germany will prove a sound investment.

"Conditions being what they are I am reluctant to say much about prospects except that trading in the first two months of the current year shows an encouraging improvement."

A revaluation of properties produced a surplus of £198,169 over book value, and has been credited to reserves.

Mercury Securities in strong position

CAPITAL and reserves of Mercury Securities are now over £53m, excluding inner reserves of the banking companies and excluding the excess of market and directors' valuations over book amounts of listed and unlisted investments, Lord Roll, the chairman, says in his annual report.

Total assets of the group have risen from £825.6m to £764.9m. Bank balances were £53.6m (£28.9m), bank certificates of deposit and bills discounted £92.6m (£95.14m), money at short notice, £111.2m (£44.6m) and loans advances etc. £137.02m (£142.84m).

Current, deposit and other accounts of the banking companies, including inner reserves stood at £498.72m against £374.6m.

For the year to March 31, 1978, net profits of the group amounted to £10.77m against £11.71m including a contribution of £8.63m (£7.98m) from S. G. Warburg and Co., after tax, diminution in value of assets and transfer to inner reserves. The dividend is 3.7648p (3.3894p).

Warburg had another successful year in the international capital market says the chairman. The total volume of money raised in the international capital market increased again last year; but the present more difficult conditions, reflecting rising interest rates and currency uncertainties, are likely to result in a smaller volume this year.

The continued expansion of management of international bond portfolios and trading activities in the secondary market are important factors in enabling the group to meet the new conditions.

There has been a further increase in the volume of institutional and private investment funds under management, pension funds continuing to be the principal growth area. Investment management activities in Jersey and other overseas areas, have also expanded.

Profit before taxation of the metal trading and refining group was £729,000, compared with £3,244,000 for the previous year. In addition, £3m has been released to reserves from provision for deferred taxation, arising from stock relief, leaving a balance of some £10m in the provision to be carried forward.

The associated company, Matthews Wrightson Holdings, produced pre-tax profits before taxation and extraordinary items of £8,414,000 compared with £9,230,000 for the previous year. Mainly because of a reduction in extraordinary items the profit after taxation increased and the amount attributable to S. G. Warburg and Company rose from £861,000 to £910,000.

Sir Siegmund G. Warburg has expressed a wish to reduce his commitments and has decided to relinquish his position as a president of the group. He will, however, continue to be available for advice and assistance as chairman of a newly-established advisory council of S. G. Warburg and Company.

Meeting, 30 Gresham Street, E.C., August 22 at noon.

Sketchley ahead in first quarter

Mr. G. Wightman, chairman and chief executive of Sketchley, said at the AGM that his remarks concerning the first two months of the group's current year, that sales were on target both in matching budgeted expectations and were showing a satisfactory improvement on the comparative period, were still valid after the first quarter.

Sharp increase in Schlesinger funds

FUNDS UNDER the management of the Schlesinger group of unit trusts rose sharply last year. Over a period when net sales of the industry as a whole were depressed by a very high level of repurchases, Schlesingers achieved net sales of authorised unit trusts of £13.7m, to increase the value of the authorised trusts under its management to £40.1m at the end of March. None of the rise in the 12 months to that date was attributable to the capital performance, which was depressed by the sluggishness of the American market.

By the end of June this year, *the value of funds invested in* the group's authorised unit trusts had increased by a further £6m, bringing the total value of unitised funds under management (including the £10m invested through the offshore funds) to £57m. In 1974 they were only £4m. Schlesingers attributes this extremely rapid rate of growth to the range of services which it offers to its clients; but these, in turn, have prompted suspicions amongst the group's competitors that it was taking losses while it built up its business. Schlesingers' directors, however, insist that the management of its unit trusts—thanks in part to a high average *unitholding, and in part to the* rate at which new business has been coming in—is profitable: and profits of the Investment Management Services group as a whole, though *unquantified, are said to* have been into six figures last year.

Manchester Garages

ON SALES well ahead from £5.78m to £8m pre-tax profits of Manchester Garages, Ford main dealer, expanded from £204,257 to £350,745 for the first half of 1978. Profit for the whole of 1977 was a record £464,109.

As known, Manchester and its BL counterpart Oliver Rix, is merging into a new company with forecast figures of some £40m turnover and profits of not less than £1m.

In the event of the merger becoming unconditional directors of Manchester announce an interim dividend of 0.8448p (0.425p) net per 10p share. But the payment will be left in abeyance until the result of the deal in known. Final payment last year was 0.565p.

Commenting on first-half figures, directors say the truck dealership at Gorton Lane is now making a substantial contribution to group's profits, and should continue to improve, thereby justifying the substantial capital investment.

The property at Woodford has been disposed of at a price above book value, and Carefree Car Hire continues to contribute to profits. And it is expanding rapidly with *the increased interest which is* currently being shown in leasing transactions.

Sales ahead at Remploy

Record sales levels are reported by Remploy with the figure for the first 12 weeks of the current year ahead by 21.97 per cent to £8.84m.

The increase was split as to: leather and textile product 44.4 per cent, furniture 13.54 per cent and packaging and assembly 16.14 per cent.

The directors are confident that the full year will show a substantial advance in sales.

MINING NEWS

Cominco hit by zinc weakness

BY KENNETH MARSTON, MINING EDITOR

IN THE LATEST half-year results issued by the transatlantic natural resource companies, Canada's Cominco has turned in net earnings of C$26.1m (£12m) compared with C$37.8m in the first half of 1977. A major adverse factor in the latest results was, *of course,* the weakness of markets for zinc.

Cominco says that its zinc operations have been reduced in order to control the level of stocks, but no details of the cutbacks have been disclosed. However, the past half-year has seen a continued strong demand for lead and lead concentrate.

The weakness of zinc prices has also hit Cominco's Pine Point Mines which produces zinc and lead in Canada's Northwest Territories. *The latter's profits* for the first half of this year have dropped 31 per cent to C$3.2m from C$6.5m a year ago.

Pine Point's president Mr. R. P. Douglas, says that lead prices are expected to hold at recent levels and there are signs of a recovery in zinc with consumption and supply of the metal approaching a more balanced position following a declining trend in world zinc stocks.

Uranium producers, on the other hand, remain in a strong position. Canada's Denison Mines has earned a record first-half net profit of C$26m compared with only C$13.2m in the same period of last year. Latest earnings equal C$5.70 per share against C$2.90 per share.

Apart from uranium, Denison's latest good results reflect the sale of an interest in a coal property and higher revenue from oil and gas. Looking ahead the chairman, Mr. Stephen Roman, says that the most significant event this year was the Canadian Government's approval of a long-term uranium contract with Ontario Hydro which assures Denison of a high level of production to the year 2011.

BOUGAINVILLE'S GOLD OUTPUT

Gold production was again higher last quarter at the Rio Tinto-Zinc group's Bougainville copper-gold mine in Papua New Guinea. A modest increase in the gold grade offset the effects of a lower tonnage of ore milled with the result that the quarter's gold output amounted to 5,978 kilograms.

This made a total for the half-year of 11,809 kgs compared with 9,831 kgs in the same period of 1977. Copper production was a little less last quarter at 46,566 tonnes but the six months' total of 98,202 tonnes compares with 81,678 tonnes a year ago. Silver output for the past six months amounts to 25,253 kgs against 21,038 kgs.

Amax earnings recover in second quarter

THE EXPECTED recovery at Amax, the diversified U.S. minerals group, is reflected in high second-quarter net earnings of $38.7m (£20.1m), equal to $1.01 per share. In the first quarter, earnings dropped to $16.2m, largely as a result of the U.S. coal strike.

The latest half-year total of $54.9m is equivalent to $1.33 cents per share. It compares with $60.2m in the same period of 1977 when second-quarter earnings amounted to $27.7m.

Mr. Pierre Gousseland, the Amax chairman, says that in the past quarter there was a continued improvement in profits from molybdenum together with a "significant" recovery in iron ore and coal. The 1978 earnings include those of Canada Tungsten.

"These gains more than compensated for current weaknesses in nickel and base metal operations," he said and added that Amax anticipates a continued improvement in results for the current half-year as compared with 1977.

Geevor has a good year

CORNWALL'S tin-producing Geevor is declaring a second interim dividend for the year to March 31 last of 2.93125p net which together with the interim of 8.415p paid before the three-for-one scrip issue is the maximum permissible distribution under existing legislation. Payment of a final dividend not exceeding 3.76875p will be considered once the position becomes clearer, it is stated.

Thanks to higher tin prices and increased production of tin concentrates Geevor's pre-tax profit for the past year has climbed to £1,069,893 from £606,279 in 1976-77. On the latest occasion, however, there is a charge of £306,420 for deferred taxation which is likely to be payable within three years. Geevor shares were 135p yesterday.

Bellair sees profit in second half

The directors of Bellair Cosmetics announce a reduced *deficit of £34,000 for the half-year* to April 30, 1978, against £89,000, on turnover up from £0.93m to £1.24m.

They say that while the increase in turnover has not been sufficient for the company to have traded profitably, they however, anticipate that the second half, which incorporates Christmas business, *should result in profits being* made.

Bellair has slipped from a £112,000 profit for 18 months in 1974-75 to £43,000 for the 18 months to the end of October 1976, and for the 1976-77 year the company incurred a loss of £230,000. Commenting on the results for 1976-77, directors believed that the current year would show a marked improvement in the company's performance.

As for the comparative six months there was no tax charge and no interim dividend—the last payment being a third interim of 1.09p for 1974-75.

Spillers defends delay in closing bakeries

SHAREHOLDERS gave the Spillers Board a mixed reception at yesterday's AGM over the group's decision, earlier this year, *to close its loss-making bakery* business. However M and G unit trust group, which has a 5 per cent stake in Spillers, congratulated the directors on their handling of the closures.

Mr. David Hopkinson, chairman *of investment managers, for* M and G, added, however, that what was now needed was a consistent dividend policy—particularly as he envisaged that Spillers would no doubt come back to members for a further capital injection.

Other shareholders were critical of the length of time taken before the group announced the closures—particularly as the bakery side had made losses of £28m over six years. There was also criticism of management for not investing sufficiently in baking.

Mr. William Vernon, Spillers chairman, explained that the group had not had the resources of its larger competitors. Although it had spent a great deal on rationalising the bakery business the situation had become acute early in 1978—as a result of Government moves on prices and a slump in bread consumption.

He said that until the industry had reached such a low ebb it had not been possible to negotiate a withdrawal from the industry which would not have had disastrous effects for employees, shareholders and the group's flour milling operations.

Earlier this month the group unveiled the terms by which Associated British Foods and Rank Hovis McDougal are to take over 13 of Spillers' 36 bakeries. The deal increased guaranteed outlets for Spillers flour mills.

Mr. Vernon said that 80 per cent of the 13,000 workers made redundant—around 5,000 jobs were saved—had now found new jobs. He said that the group now planned to strengthen management with appointment of further non-executive directors and that profits in the current year were expected to be well in excess of those for last year—despite a further £3½m loss from bakeries in the first half.

British & Commonwealth

Though a bad result is anticipated in 1978 from the remaining shipping activity at British and Commonwealth Shipping Company Sir Nicholas Cayzer, the chairman, told the annual meeting that he was confident that some of the group's other activities would come to the rescue and prevent a sharp reverse in profits.

The steep decline in the company's shipping fortunes was of great concern to the directors. As he had already said some of this fall can be accounted for by the ending of the group's South African shipping activity and its transfer to Overseas Containers.

Sir Nicholas went on: "Nevertheless the weakness in bulker rates affects us severely and as we believe it may take some little time for the market to recover, we thought it only prudent to reduce the number of bulkers we own and have accordingy sold the King James."

Next year the company takes delivery of two products carriers and the chairman said he was not without hope that, in time, these specialised ships could be employed at reasonably profitable rates.

The incursion of Russian tonnage into the company's liner trades took the form of cutting freight rates to uneconomic levels *with which free enterprise* shipping cannot compete, he said: "They—the Russians—*would not* for a moment allow us to do what they are doing to our trades, theirs *being largely reserved for* their own flag. Here is an area *where the governments of the* EEC should act in concert to protect their shipping."

Later at the annual meeting of Caledonia Investments, of which he is also chairman, and which is mainly an *investment holding company, with its largest* investment in British and Commonwealth, Sir Nicholas said it is still too early in the year to be able to make any reliable forecast of the profits likely to be earned by the group's trading subsidiaries, Amber Industrial Holdings and Urquhart Engineering. In both cases the results to date had been satisfactory and, given the right economic climate, he believed they could continue to grow.

Nor is the Board averse to further industrial involvement of the right kind, with the object of widening the trading base, he added.

De La Rue

Operating results up to the end of June at De La Rue are ahead of last year and ahead of budget Sir Arthur Norman, the chairman, told the AGM.

"The business as a whole is in a confident mood and provided there are no interruptions to production or unforeseen additions to costs the Board remains confident of a good year of progress," *he reported.*

Staveley Inds.

Although Staveley Industries made a slower start to the current *year than the directors originally* expected, they still believe that the outcome for the full year will be in line with earlier expectations, Sir Harry Moore, the chairman, told the AGM.

Regarding the acquisition of the *Electroscale Corporation in Santa* Rosa, California, he said that in addition to the existing business of the company the directors expected, in due course, considerable additional benefits. They should accrue both to Electroscale and to the group's UK operations, particularly the Salter Group, from the exchange of technology, the pooling of resources, and by a more effective attack on their markets.

The deal will absorb only a small portion of the resources the group had available for that purpose, he added.

Powell Duffryn

A steady start to the year has been made by Powell Duffryn with group profits for first three months running at a slightly higher level than those for the first quarter of last year, Sir Alec Ogilvie, retiring chairman, told the annual meeting.

Engineering continued to do well and the building services contracting divisions results were showing an improvement, he said, adding: "The group is in good heart and nothing has arisen at this early stage in the year to make me qualify in any way the quiet optimism which I expressed in my statement."

Favourable conditions for English Card

The generally favourable conditions enjoyed by English Card Clothing in the last quarter of the 1977-78 year, are continuing, if somewhat patchily, says Mr. Simon Rothery, the chairman in his annual statement.

Capital commitments at the year-end totalled £2.19m (£0.26m) of which £1.88m (£0.25m) is contracted for.

As reported on July 6, although turnover rose from £17.6m to £19.1m, pre-tax profit fell from £2.86m to £2.76m in the April 1, 1978 year, and earnings per 25p share are down to 18.3p (22p). The dividend is stepped up to 2.98p (2.62p) net.

The group's two main divisions, *card clothing, and wire and wire* products, were little changed in their sales and pre-tax profit contribution, being: card clothing £12.7m (£11.93m) and £2.13m (£2.23m) and wire and wire products, £6.39m (£5.67m) and *£0.63m (same), respectively.*

The Continental companies recorded a £300,000 decline in profits to £124,000. Belgium was the problem area, the chairman says, although losses at the interim stage were not materially increased in the second half. The French and Belgium companies were also influenced by the malaise affecting original equipment manufacturers.

Mr. Rothery adds that the *Indian Card Clothing Company* again achieved increased profits and had a successful year.

Net liquid funds of the group decreased by £1.17m compared with £0.96m.

Mr. Joe Hyman and his associates hold 35.3 per cent of the equity and Carclo Engineering Group 22.9 per cent.

Meeting, Huddersfield, August 18 at 3.30 pm.

Badulipar rises to £0.42m

Pre-tax profit of Badulipar Tea Company increased from £103,056 to £419,887 for 1976 and directors announce an unchanged dividend, of 5p net per £1 share; Badulipar is still waiting to pay the dividend for 1975.

Net profit was £130,503 (£39,697) after tax of £289,384 against £63,359. The amount retained came out at £121,593 compared with £30,137.

CALEDONIA INVESTMENTS LIMITED

Sir Nicholas Cayzer's Statement

The 49th Annual General Meeting of Caledonia Investments was held on July 26th in London. The following is the circulated statement of Sir Nicholas Cayzer, Bt., the Chairman:

The profit for the year ended 31st March, 1978 of £3,162,000 *is little different from that of the previous year.*

The principal reason for the modest improvement of only some £90,000 at the pre-tax level lies in the nature of the dividends received from our principal investment The British & Commonwealth Shipping Co. Ltd. (B & C) during the respective years. Dividends from this source are normally *received in January and August each year; the increase in* B & C's interim dividend received in January, 1978 utilised only 0.25 pence out of a permitted maximum increase of 0.903 pence whereas, in the previous year, virtually the whole of the increase available for that year was dealt with by an increase in the interim dividend paid in January, 1977. Thus we have the inevitable distortion of one year with the next brought about by the division of such statutory increases between interim and final dividends.

The trading results of our subsidiaries again show an increase, although this year there has been no benefit from any disposal of the remaining holding of copper bars which continues to be held by a subsidiary. Amber Industrial Holdings Ltd. has had a particularly good year and has reported record pre-tax profits of £361,000, compared with £228,000 in the previous year. All its three principal subsidiaries have achieved good results with the most significant contribution coming from Ambersil Ltd, which is engaged in the industrial aerosol and lubricants market. Urquhart Engineering Co. Ltd., in which we have increased our interest consequent upon the retirement of Dr. W. H. Wheeler from executive duties, has again had a good year despite difficult market conditions in its own particular field of combustion equipment.

Our thanks are due again to all those people who work for the various companies within these two trading groups for the considerable efforts which they have made during the year in order to achieve such creditable results.

As a result of a normal tax charge this year, the profit after taxation of £1,981,000 compares well with the figure of £1,729,000 earned in the previous year. Last year, taxation took a larger slice as the result of a dividend from an overseas subsidiary being brought into charge for United Kingdom taxation.

The overall asset position of the Group at 31st March, 1978 continued to improve particularly as a result of the increased market value of investments.

The report and accounts were adopted.

BIDS AND DEALS

ICI takes up Ladbroke option

Imperial Chemical Industries pension funds, through Pension Funds Securities, are subscribing for 2,156,158 Ladbroke shares under a share option arrangement. The purchase price is 90.6p per share compared with a closing price of 165p.

The option was acquired in 1973 and extended until 1983. It had not been exercised until now because of the high returns which have been available on alternative investments, such as gilts. Evidently, ICI feels that the Ladbroke dividend has risen to an appropriate level at which to take advantage of the option.

Ladbroke's chairman, Mr. Cyril Stein said "we take it as a compliment to our company that the option has been exercised. This increases still further the institutional holdings of our shares."

The new shares have been allotted and rank pari passu *in all respects with the existing* issued fully paid Ladbroke shares.

ALPINE SELLS OMAGLASS STAKE

Alpine Holdings, the double glazing manufacturer, is selling its 40 per cent stake in a Northern Irish based associate Omaglass.

The sale forms part of a deal whereby Campbell Brothers (Glass and Paint) a wholly owned subsidiary of Doulton Glass *Industries, has acquired* 75 per cent of Omaglass together with the right to buy the outstanding shares.

Alpine is being paid £120,000 cash for its stake which, in the year to January 31, 1978, contributed £46,447 to Alpine's pre-tax profits of £930,000.

The deal follows the sale by Alpine?headed by Mr. James Gulliver—of substantial shareholdings in Century Aluminium and its former subsidiary Alpinair.

TRIDANT

The four "independent" directors of Tridant Group Printers opposed to the takeover bid from Starwest Investment Holdings—the master company of former property man Mr. Remo Dipre—have written to shareholders asking them to ignore the 68p cash a share offer.

Mr. Dipre is chairman of Tridant by virtue of his current 29 per cent stake in the company. Three other directors of Tridant have not become involved in the bid because of their links with Starwest, a private company owned by Mr. Dipre and his wife.

Mr. A. M. Carey, deputy chairman of Tridant, one of the four independents says in his letter to shareholders that the four supported by merchant bank advisers Lazard Brothers believe the offer—which values Tridant at £2.75m—to be totally inadequate and wholly unacceptable.

BELHAVEN BUYS SCOTTISH HOTELS

Belhaven Brewery Group which has already made three share placings this year in a bid to recover the group's financial position has bought three licensed Scottish hotels by the issue of a further 700,000 shares.

The deal is worth £302,000 with the shares sold on behalf of the vendors to institutional investors.

The result of the earlier share placings has been to reduce the group's net borrowings from around £3m to just under £1.8m, while shareholders' funds now stand £5.4m.

In the year to April 2, 1978 the group's net losses fell to £87,000 compared with £647,000 the previous year.

ICFC FINANCE FOR HYPERMARKET

The Industrial and Commercial Finance Corporation has provided a £1m financial package for the new hypermarket developed by F and A. E. Lodge at Birkby, Huddersfield. The finance was arranged through ICFC's Leeds office.

The hypermarket, which opens on August 5 has an initial floor area of 86,000 square feet.

DCM/AURORA

The complete reorganisation and integration of the Aurora Products *subsidiaries, acquired by* Dunbee - Combex - Marx from Nabisco Inc. in April, will put an end to the losses recorded by the subsidiaries in recent years according to Lord Westwood, Dunbee's chairman.

In a letter to shareholders he said it is estimated that Aurora should return to profitability in the current year. Prior to the acquisition, Aurora discontinued the model hobby kits, games and toys which were loss making and Dunbee directors have decided to concentrate the remaining resources of the subsidiaries on the manufacture and marketing of model motor racing products.

"The impact of Aurora may well increase the seasonal emphasis of DCM's profits in 1978. However, taking the year as a whole the Board is encouraged by a significant rise in order intake and anticipates a year in keeping with DCM's past profits performance."

The letter also gives notice of an EGM to be held on August 10 to discuss a revision of the terms of an equity share capital transfer scheme involving Mr. R. P. Butler, A DCM director. The original scheme was approved by shareholders in 1976 and it enables Mr. Butler to acquire a 2 per cent equity in the U.S.-based Louis Marx subsidiary.

DERBYSHIRE TIMES CHANGES HANDS

F. Johnston and Company of Falkirk, publishers of the Falkirk Herald and a number of other Scottish weekly newspapers, has acquired Wilfred Edmunds, of Chesterfield, publishers of the Derbyshire Times, Buxton Advertiser and Hucknall and Bulwell Dispatch.

The Derbyshire Times is one of the largest weekly newspapers in England and the total circulation of the three newspapers is around 75,000. Johnston intends to maintain Wilfred Edmunds as a separate company and it is envisaged that it will keep a large measure of autonomy.

LAWRIE PLANTATION

Duncan Lawrie announces on behalf of the Board of Lawrie *Plantation Holdings that* the scheme dated May 26, which provides for the merger of Jokai Tea Holdings and Longbourne Holdings is now fully effective and that dealings in the ordinary shares of Lawrie Plantations will commence today.

ALCAN

Alcan Aluminium (UK) announces that, following its acquisition of the minority shareholding in Alcan Booth Industries (which now becomes a wholly-owned subsidiary) and subject to the completion of all relevant formalities, tax clearances and consents, it proposes to cancel the £6,328,000 8 per cent debenture stock, 1981-86, of Alcan Booth and to *issue in exchange an* identical amount of stock of Alcan Aluminium (UK) with interest at 8½ per cent.

Lonrho talks start on Tanzania position

Lonrho has opened talks with the Tanzanian National Development Corporation following the announcement last month that Tanzania had given the group three months to wind up its business interests in the country.

Mr. "Tiny" Rowland Lonrho's chief executive met the NDC in Dar es Salaam on Tuesday and a spokesman for Lonrho said yesterday that "the atmosphere of the meeting was cordial."

Under the expulsion order signed by President Nyerere the NDC is to buy Lonrho's 18 Tanzanian companies "at a *fair* and acceptable price." Further talks on this price is expected to take place between both sides early next month.

Earlier this month Lonrho announced that it agreed a *£1.054m compensation figure* with the Tanzanian government following the nationalisation of the group's Central Line Sisal Estates in 1967.

SHARE STAKES

Levex—On July 21 Mr. C. R. Harris acquired 280,000 shares and Mr. K. Maharajh 30,000 shares. In addition Mr. Maharajh agreed to acquire a further 250,000 shares and Miss V. Jones agreed

Stock Conversion and Investment Trust—The trustee interests of Mr. A. R. Macmillan, Mr. S. Krendel and Mr. J. W. Wishart have been reduced by 269,692 shares. The trustee holding of Mr. J. Levy has been reduced by 170,000 shares. This disposal *by Mr. Levy as a trustee* is included in the disposals as trustees by the other three major shareholdings referred to. Mr. J. W. Wishart, as trustee, disposed of £1,500 5½ per cent convertible loan stock on July 19, 1978.

Marley—J. E. Aisher, P. A. Aisher and R. B. Aisher, directors, have each disposed of 121,325 shares non-beneficial.

Jove Investment Trust—Moorside Trust has sold 400,210 capital shares thereby reducing holding to 575,000 (less than 5 per cent).

Federated Land and Building—Mr. J. R. Harris, director, has sold 150,230 shares.

Crossley Building Products—Bowater Building Products and furniture holds 585,000 shares (8.69 per cent).

Steinberg Group—Jove Investment Trust with its subsidiary Kingside Investment holds 750,000 shares (5.74 per cent).

Selection Trust—A. Chester Beatty, director of Seltrust *Investments disposed of 25,000* Selection Trust shares at 418p on July 14.

Sangers Group—Norwich Union Group, due to recent increase in capital, interest has fallen below 5 per cent.

Davies and Metcalfe—Increases in holdings previously reported were by the directors of Davies and Metcalfe—not by the directors of Manchester Nominees.

A discretionary investment client managed by a sub of Lazard Brothers—Lazard Securities—sold 15,000 Robert McBride (Middleton) at 200p.

OPTION MARKET

stocks to be added to the ten already trading on the London options markets are not expected to be released until next week at the earliest.

Although a short list has been drawn up by the Stock Exchange traded options committee letters *seeking the companies' approval* have only just been sent out.

If the companies give their approval dealings in the new shares could start in the Autumn.

Trading in the original ten stocks on the options market has been steadily increasing since the market opened three months ago and last week a daily peak of 1,249 contracts traded was reached.

Ariel sees better year

Prospects for the current year at Ariel Industries, are once again very dependent upon levels of demand, says Mr. Kenneth Edwards, *the chairman, in his* annual statement.

Signs are now that there is some improvement in demand for group products, he adds, and if this is maintained Ariel will have a more rewarding year.

As known pre-tax profits for the March 31, 1978, year advanced from £0.76m to £0.78m on turnover just ahead at £6.23m (£6.1m). The dividend total was 2.134p (1.865p), per share.

Mr. Edwards says the group will continue its high level of investment, but if real prospects of growth are not seen by directors soon, in existing lines, Ariel will have to widen its base by diverting investment, he says, into areas where there are natural spin-offs from existing products.

"The coming year should determine which way use ned to go," he states.

Future capital expenditure as at March 31 was £241,000 (£160,000) of which £219,000 (£149,000) is contracted for.

Bank and cash balances decreased by £373,130 (£90,501).

Meeting, Leicester, August 18 at noon.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Food groups maintain earnings improvement

BY OUR OWN CORRESPONDENT

TWO LEADING U.S. food companies, General Foods and Nabisco, have maintained the earnings improvement which *became apparent in the first* quarter of this year.

Aided by falling coffee raw material prices, General Foods, which owns the Maxwell House brand name, has followed up a 21 per cent first quarter profits increase with a 12 per cent improvement in the second three months of the year. Sales rose by 7 per cent from $1.26bn to $1.35bn leading to a net profit *figure of $56.79m ($1.14 a share)* compared with $50.74m ($1.02 per share).

This is the first quarter of the *company's financial year which* should continue to benefit by a turnround in its coffee business. General Foods first half profits last year were cut by 35 cents a share because of an inventory write-down, but this year, green coffee costs have been falling and in the process improving the profit margin on General Foods' charge for the roasted product.

This was acknowledged by Mr. James Ferguson, General Foods' *chairman and chief executive,* who added that other segments of the business were continuing to meet expectations. Packaged convenience food earnings were "tempered somewhat" by additional advertising and marketing costs — General Foods spent $300m on advertising in fiscal 1977.

Mr. Ferguson added that although there may be a wider than normal fluctuation in *quarterly earnings because of* some remaining instability in the world coffee market, the current financial year would show an improvement over last year when earnings fell from the 1976 total.

Reported net earnings today of $22.4m (70 cents per share).

Last year's figures were distorted by gains and losses from discontinued operations and after adjusting for these, the company's second quarter net *earning's would* have been in the region of $19.6m.

Nabisco's second quarter sales were $515.9m compared with $497m in the six month period net earnings were $43.3m ($1.35 per share) compared with $25.8m (81 cents a share) including a $249m loss from discontinued operations and a $11.5m gain from the termination of an overseas sales subsidiary. Year sales were $1.03bn compared with *$996.4m. Abisco predicted* record sales and earnings for the full year which analysts are projecting at $102m or $3.20 per share.

Goodyear Tire more optimistic on outlook

AKRON, July 26.

GOODYEAR TIRE and Rubber has revised upward its outlook for the second half of 1978 and now looks forward to the next six months with increased optimism.

The company said it had expected a very respectable showing this year but it revised its outlook due to "no sign yet of a slackening in the second quarter's momentum." No specific earnings forecast was made.

Earlier Goodyear, the largest tyre manufacturers in the U.S., had reported an increase in second quarter profits but lower half-year figures.

Net earnings for the second quarter totalled $72.3m, or $1 a share, compared with $70.7m or 98 cents a share for the corresponding period of 1977. Sales totalled $1.9bn against $1.7bn.

For the half-year, net earnings amounted to $109m or $1.51 a share, against $129.9m or $1.80 a share previously. Sales were $3.56bn against $3.31bn. Foreign earnings for the six months were about $28m — approximately the same as in 1977.

The company said the half-year earnings were hurt by the severe weather and coal strike of the first quarter. On the second quarter's results, these were stronger than earlier forecast with the truck, tyre, rubber and chemical and Goodyear aerospace units all putting up strong performances.

Reuter

Citicorp cuts note to $200m

BY OUR OWN CORRESPONDENT NEW YORK, July 26.

UNDERWRITERS FOR Citicorp's proposed $250m floating rate note issued confirmed today that the borrowing had been reduced to $200m. According to First Boston, which is managing the issue, *this* was because the U.S. investing public was unfamiliar with floating rate notes and had needed a greater amount of education than expected.

However, as of mid-day today, First Boston proclaimed itself satisfied with the way the reduced issue was going. About 90 per cent had been sold, it said.

This issue by New York's largest commercial banking concern, is unusual in at least two ways. Apart from its size, which matches the largest issues ever made by any other U.S. bank, *the floating rate has seldom been* seen before on comparable debt in the U.S. capital market.

Citicorp opted for this type of issue mainly to match its floating rate assets. However, it is also following European banks who have recently made several floating rate issues on the Euromarkets.

The yield on Citicorp's 20-year notes was set today at 9 per cent, equal to 120 basis points above the yield equivalent of the six-month Treasury bill market rate average over the last two weeks. After five years this will drop to 100 basis points, reaching 75 basis points for the last 10 years. After the initial sale, terms will *be set every six months.*

Minimum rates will be 7.5 per cent for the first five years. 7 per cent for the next five, and 6.5 per cent for the last 10.

Morale problems at Kennecott Copper

NEW YORK, July 26.

KENNECOTT Copper Corporation completed its take-over of Carborundum Company a little over six months ago, but now people are wondering who took over whom.

The reason is that Carborundum's aggressive managers have taken over important posts at Kennecott and are making sweeping changes within the company.

Financial management is being centralised, division managers are being introduced, and all of this is being done with the blessing of Kennecott's 64-year-old chairman, Mr. Frank R. Milliken.

"The only thing our chairman forgot to tell us when we acquired Carborundum was that he'd be stepping down and letting them run the company," said a disgruntled Kennecott division executive.

Since last February, when Kennecott restructed its top management, former Carborundum executives have been in control of the company's finances, employer relations, public relations, and shareholder relations. One of Kennecott's three new executive vice-presidents is a former Carborundum man, and the company's president is William H. Wendel, the 63-year-old former president of Carborundum. Company insiders note that Mr. Wendel and Mr. Milliken have become close friends.

It is not unusual for big changes to result when a large company such as Kennecott—1977 revenues $976.3m — takes over a smaller company like Carborundum—1977 revenues about $710m—but it is unusual for an acquired company to effect such swift and far-reaching changes in its parent and, in the process, to create turbulence and a degree of lowered moral among employees.

Mr. Milliken, however, minimises the effects of the upheaval. "Morale is very good at Kennecott," he insists. The company, he says, is using a handful of former Carborundum executives "in very specific areas where everybody in Kennecott realises we need management help."

When Kennecott took over Carborundum, some predicted that the two concerns would quickly disagree over operating philosophies. What few people predicted was the friendship that was quickly established between Mr. Wendel and Kennecott's Mr. Milliken. A lot of people doubted that the two men "could work together very well after running their own shows for so long, but they've become real alter egos," says Mr. T. Vincent Learson, a Kennecott director.

AP-DJ

U.S. Steel confirms recovery trend

BY JOHN WYLES NEW YORK, July 26.

THE STRONG second-quarter *recovery* by many leading American steel producers was confirmed today when U.S. Steel Corporation reported a 53 per cent increase in net earnings over the same period last year.

Higher and firmer prices, increased production, and strong domestic demand have helped put U.S. steel, the industry leader, back into profit after a first-quarter loss of $58.7m. The *recovery trend was indicated* yesterday when National Steel, number three in the industry, disclosed a 26 per cent increase in net profits. The performance of some of the country's smaller companies has, however, been patchier, with Republic Steel posting a modest 4 per cent increase in second-quarter earnings, Inland Steel 15 per cent and Wheeling Pittsburgh a hefty 218 per cent.

None of the companies is yet satisfied with the extent of the recovery, and Mr. Edgar Speer, U.S. Steel's chairman, spoke for his industry colleagues when he said today that profits "must be further improved to keep our steel manufacturing facilities modern and efficient." Showing again his irritation at Government pressure to restrain steel price rises this year, Mr. Speer added that pressure from Washington at a time when markets are strong "is a deterrent to *realising the profits necessary for* further productivity improvements."

Most steel companies have raised *their list prices* by close to 10 per cent this year, and the Administration is anxious that they should go no higher. The *increases, coupled* with less discounting, helped U.S. Steel raise second quarter sales by 11.5 per cent over last year to $2.9bn and earnings from $76.3m or 91 cents a share to $117.3m or $1.38 a share. Shipments in the second quarter were about the same as a year ago at 5.4m tons, but with the company's plants running at close to 90 per cent capacity (the highest rate since 1974) raw steel production increased from 8.2m tons to 8.4m.

For the half year, U.S. Steel reported net earnings of $58.6m or 69 cents a share on sales of $5.37bn, compared with $103.7m or $1.24 a share on sales of $4.85bn. Shipments in the six *months rose* from 10.1m tons to 10.4m and production from 14.8m tons to 15.4m.

Mr. Speer was optimistic about the outlook for the rest of the year, and noted that the order flow was still strong. He thought that domestic steel shipments would now exceed 95m tons compared with last year's 92m, providing that the Government's trigger price system significantly reduced "unfairly priced imports."

Elsewhere in the industry, Armco Steel today announced a *71 per cent rise in second quarter* net earnings from $29.9m to $51.3m. Sales rose from $917.6m to $1.1bn. First half net income was $31.5m compared with $30.1m on sales fo $2.05bn compared with $1.7bn.

Allegheny Ludlum, which despite a diversification strategy still draws more than half of its sales from special steels manufacturing, also reported a second quarter profits increase today, from $7.8m or 87 cents per share to $11.2m on 91 cents per share. Final net income was reduced to $8.7m on 57 cents a share after taking into account a $2.5m loss from discontinued operations.

Net earnings for the half year were $14.3m or 68 cents a share against $10.9m or $1.09 per share. Sales for the second quarter rose from $234.9m to $351m, and for the half year from $461m to $714.2m.

Oil companies moving ahead

BY OUR FINANCIAL STAFF

SEVERAL LEADING U.S. oil companies reported higher second quarter results yesterday, led by **Mobil Corporation** with a 21 per cent increase to $295m and earnings per share of $2.78 against $2.30 a year ago.

Mobil's revenues for the period moved up from $8.4bn to $8.9bn. For the first half, they totalled $17.6bn against $16.55bn, with net profits of $536m, up 16 per cent from $463m. Earnings per share of $5.06 compared with $4.37.

At **Shell Oil**, part of the Anglo-Dutch concern, net profits edged forward by only just over 2 per cent in the second quarter to $179m from $175m. Earnings per share were $1.21 against $1.22 on *revenues of $2.85bn* compared with $2.5bn.

Marathon Oil announced second quarter net earnings of $1.68 against $1.65 a share. Total net profits of $58.5m compare with $49.6m and sales of $1.15bn with $1.10bn.

For the half year, net earnings per share totalled $3.34 against $3.00. Total net was $100.8m against $92.3m, while revenues rose to $2.38bn from $2.26bn.

Gulf Oil said its second *quarter earnings were* "adversely affected by a squeeze on profit margins in worldwide refining and marketing operations and by higher net financial charges resulting from a decline in interest income on investment portfolio coupled with increased debt-service charges."

Union Oil Company of California announced net profits for the first six months of $166m, or $3.73 a share, against $155m, or $3.49. Revenues of $3.1bn compare with $3bn.

Higher earnings were due to several factors, including better refinery yields improved marketing margins, successful exploratory operations in the Gulf of Mexico and improved earnings of its chemical division.

Partially offsetting these gains were lower investment tax credits and lower domestic oil and gas production.

Getty Oil revealed that net earnings for the second quarter totalled only $53.7m or 65 cents a share compared with last year's second quarter figure of $75.8m or 92 cents a share. Revenues *edged up from* $879.9m to $880.6m.

Barnes Group sees upturn in earnings

BRISTOL, Conn, July 26.

THE BARNES group expects to report that a rise of 24 per cent in earnings and a 27 per cent increase in sales took place in the second quarter. The rest *of the year should be "strong."*

Based on preliminary results, earnings in the second quarter rose about 24 per cent from the $3.3m, or 74 cents a share, reported a year earlier. Sales gained about 27 per cent over the $75.6m a year ago.

The Barnes Group today raised its quarterly dividend to 25 cents from 22½ cents.

For the six months increases are expected of about 21 per *cent in carnings and some* 24 per cent in sales.

AP-DJ

Chicago Bridge drops bid

BY OUR FINANCIAL STAFF

The cash tender offer by Chicago Bridge and Iron for Rowan Companies is to be terminated, and Chicago Bridge is seeking dismissals of all legal proceedings relating to the offer.

Chicago Bridge, which manufactures *steel plate structures,* made its original offer of $26 a share in June, and then early this month reduced the price to $24.50, at which level the bid valued Rowan at some $250m. The reduction was made as a result of the announcement of a deal between Rowan and Armco Steel, under which Rowan was to acquire Armco's 50 per cent interest in two Rowan drilling *affiliates.*

Last week, it was announced that Schlumberger had acquired 18 per cent of Rowan.

Solid profits increase at INA

PHILADELPHIA, July 26.

A SOUND increase in half-year results is reported by INA Corporation, the insurance holding group. Second quarter earnings amounted to $68.28m, equal to $2.71 a share, against $45.48m or $1.82 *a share, after including a* loss on discontinued operations of $3.9m in the same period last year. Revenue totalled $1bn, against $926.4m.

Net earnings for the six months were $122.27m or $4.86 a share, against $79.82m or $3.20 *a share previously, on revenues* of $2bn against $1.8bn.

Reuter

EUROBONDS

Chase coupon set at 6%

BY FRANCIS GHILES

AFTER A quiet start prices of Deutsche Mark denominated bonds fell again yesterday. This was partly a response to the weakness in the West German domestic bond market, where the Bundes had to intervene, buying up about DM 250m worth of bonds.

Despite this weakness, Westdeutsche Landesbank announced the terms of the DM 100m bond for Chase Manhattan Bank. The maturity will be 15 years with an average life of 10.75 years and an indicated coupon of 6 per cent. Pricing will be on August 7.

The World Bank's two tranche bond was priced late on Monday night: the DM200m six-year tranche which carries an interest *rate of 5¾ per cent was priced* at 99½, while the DM 200m ten-year tranche with an interest rate of 6 per cent was priced at 98, in both cases as expected.

Deutsche Bank, which arranged the bond, is also leading a DM 500m five-year credit, for the same borrower, which is being syndicated among West German banks and is understood to carry an interest rate of 6.40 per cent.

Bayerische Vereinsbank and Nomura are arranging a DM 40m private placement for Murata Manufacturing, a small Japanese electronics company. Terms are expected early next month.

The dollar sector of the market was quiet, with very little turnover, *though floating rate* notes put on a quarter of a point in many cases. The $35m FRN for Banque Exterieure d'Algerie *was priced at par with conditions* otherwise unchanged.

U.S. QUARTERLIES

AMERICAN PETROFINA

Second Quarter	1978 $	1977 $
Revenue	285.0m	271.0m
Net profits	6.46m	6.84m
Net per share	0.61	0.64
Six Months		
Revenue	545.7m	545.5m
Net profits	7.55m	15.0m
Net per share	0.71	1.40

CAPITAL CITIES

Second Quarter	1978 $	1977 $
Revenue	95.8m	80.3m
Net profits	16.2m	12.0m
Net per share	1.13	0.81
Six Months		
Revenue	175.4m	143.8m
Net profits	26.9m	20.4m
Net per share	1.88	1.36

EASTERN AIRLINES

Second Quarter	1978 $	1977 $
Revenue	599.9m	498.8m
Net profits	24.2m	1.63m
Net per share	1.15	0.08
Six Months		
Revenue	1.18bn	1.02bn
Net profits	43.7m	18.5m
Net per share	2.06	0.93

IU INTERNATIONAL

Second Quarter	1978 $	1977 $
Revenue	628.7m	561.5m
Net profits	14.4m	10.0m
Net per share	0.43	0.30
Six Months		
Revenue	1.25bn	1.11bn
Net profits	37.2m	31.3m
Net per share	1.12	0.94

JOHNS-MANVILLE

Second Quarter	1978 $	1977 $
Revenue	434.8m	375.5m
Net profits	34.5m	27.8m
Net per share	1.60	1.30
Six Months		
Revenue	773.2m	682.6m
Net profits	59.9m	49.9m
Net per share	2.78	2.33

PABST BREWING

Second Quarter	1978 $	1977 $
Revenue	215.6m	220.9m
Net profits	3.8m	10.1m
Net per share	0.45	1.19
Six Months		
Revenue	372.4m	393.3m
Net profits	6.1m	17.0m
Net per share	0.71	1.99

WARNER-LAMBERT

Second Quarter	1978 $	1977 $
Revenue	696.0m	632.4m
Net profits	55.0m	51.0m
Net per share	0.69	0.64
Six Months		
Revenue	1.34bn	1.21bn
Net profits	107.2m	98.5m
Net per share	1.35	1.24

IC INDUSTRIES

Second Quarter	1978 $	1977 $
Revenue	564.9m	492.9m
Net profits	29.2m	24.1m
Net per share	1.62	1.36

BRIEFLY

Heublein raises share earnings by 37%

NEW YORK, July 26.

THE alcoholic drinks manufacturer Heublein Incorporated had net earnings for the first six months of the current fiscal *year of $2.66 a share compared* with $1.94. Further rises at the six months level were reported by perfumes maker **Faberge**, with earnings of 52 cents compared with 43 cents, container leasing company **Flexi - Van Corporation**, up from $1.29 to $2.00, and the pharmaceuticals company **Sterling Drug**, ahead from 67 cents to 74 cents.

Also reporting rises in per share earnings for the *first half* were electrical equipment manufacturer **Thomas and Betts**, up from $1.39 to $1.69, cargo carrier **Tiger International**, up from 56 cents to $1.35, the diversified natural gas distributor **Alaska Interstate**, up from 89 cents to 91 cents, and environment control orgainsation **Johnson Controls**, up from 77 cents to 99 cents.

The Canadian metal fabricator **Dominion Bridge** rose from C$1.27 to C$1.40.

Declines in earnings at the six month's level were reported by **Hershey Foods**, down from $1.38 to $1.20, utility **American Electric Power**, *down from* $2.51 to $2.45, and **Freeport Minerals**, down from $1.07 to 95 cents.

For the second quarter, net earnings of building materials and metals group **Martin Marietta Corporation** rose from $1.31 to $1.54, while the publishing organisation **Macmillan Incorporated** *moved ahead from* 26 cents to 30 cents. **Harvey Hubbell**, which makes electrical goods, advanced from 81 cents to 94 cents, **Southern Railway** moved up from $2.51 to $2.94, and the engineering and wood concern **Koppers** lifted earnings from 78 cents to 84 cents.

Other companies to announce advances at the second quarter level were the wood and welding equipment company **Pacific Lumber**, ahead from 73 cents to $1.03, and optical equipment manufacturer **Bausch and Lomb**, up from $1.10 to $1.31.

Two companies reported falls for the second quarter, the mineral extracting and processing company **St. Joe Minerals**, down from 63 cents to 60 cents, and utility **Houston Industries**, *down from 98 cents to 90 cents.*

Copeland Corporation, with interests in refrigeration, moved up from 78 cents to 82 cents for the third quarter, and also for the third quarter **Varian Associates**, the electrical company, advanced from 42 cents to 47 cents.

Blue Bell Incorporated, clothing manufacturer, slipped from $4.05 a *share* to $3.19 for the nine months.

Agencies

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Refinancing of medium term loans

By Francis Ghilès

A NUMBER of borrowers are repaying loans early and refinancing them on much lower terms; at the moment this is the case of Iraq, Italy and Mexico. The latter is expected to refinance the $176.6m floating rate tranche of the $210m loan which Nacional Financiera raised in August 1976. The borrower then paid a spread of 1¾ per cent for seven years, but today has been offered a spread of ¾ per cent on a three-year bullet.

The first two-year period has just expired. In 1976, the loan was led by Libya and Morgan Guaranty, with about 10 other banks in the managing group. The same managers are expected to retain their position in the loan now being negotiated.

Meanwhile, Société Financière pour les Télécommunciations et l'Electronique, a subsidiary of the Italian STET, is refinancing the $35m five-year loan arranged in January 1976, on which it paid a spread of 1⅝ per cent. That loan agreement carried a prepayment penalty clause of ¼ per cent per annum. However, even taking that into account, the new terms agreed by Banque Européenne de Crédit and Kredietbank NV (which also arranged the loan in 1976) for the borrower, means that it has succeeded in raising much cheaper money. The new loan is for five years and carries a spread of ⅞ per cent.

The Central Bank of Iraq is refinancing part of the $500m five-year loan which it raised in 1975 on a spread of 1½ per cent. The new loan, amounting to $180m for three years, will carry a spread of ⅞ per cent. The lead manager of the new loan is UBAF.

Iran completes Krupp purchase

BY ADRIAN DICKS

ESSEN, July 26.

FRIED. KRUPP GMBH, the West German engineering, steel and shipbuilding group still smarting from the effects of recession, is now a quarter owned by Iran following the completion of a DM 870m ($424m) deal this week.

In the final stage of the agreement reached in October, 1976, Iran lifted its stake from 16.9 per cent to 25.01 per cent, representing DM 175.07m of a capital base now raised to DM 700m. The remainder is in the hands of the Alfried Krupp von Bohlen und Halbach foundation.

However, Herr Heinz Petry, the executive chairman, revealed here that the Iranian Government had paid a "premium" of 400 per cent on top of the nominal value of the capital to which it has subscribed, so that its total investment in the West German company appears to be somewhere between DM 870m and DM 875m.

The finance director, Herr Alfred Lukac, said the group's free reserves currently stood at DM 896m, slightly more than the net Iranian investment. Although Herr Lukac stressed that it was not part of the group's strategy to hold such large sums of cash, the board was able to report that Krupp is, financially, in an enviable solid position.

As for its current business, however, Krupp has still been feeling the cold draught of recession. In the first six months of 1978, total sales rose by only 1 per cent to DM 5.3bn, with the more buoyant sectors such as mechanical engineering, plant construction and trading substantially offset by those in difficulties, like shipbuilding.

The main emphasis of the group's DM 325m investment programme this year (after DM 361m in 1977) will again be the preservation of its competitive position. According to plans already announced, Krupp will reduce its workforce by some 2,100 during 1978, of which 1,700 will be in the steel sector. Herr Petry emphasised that this reduction would be achieved through non-replacement and optional early retirement rather than mass lay-offs. This would cut Krupp's worldwide total manpower to about 84,500 by the end of 1978.

Short-time working at the end of last month affected 2,270 people, concentrated, mainly in steelmaking and shipbuilding.

Herr Petry predicted that an announcement would be made within the next few months about the group's participation in the Soviet Union's giant Kursk steelmaking complex. He said that all essential details of Krupp's share had been agreed and initialled, and that final agreement was awaiting only the ending of the "holiday pause."

SEAT may make record loss this year

BY DAVID GARDNER

BARCELONA, July 26.

LOSSES OF SEAT, the largest saloon car manufacturer in Spain and the only one with a significant local holding, could total between Pta2bn and 3bn ($26.5m to $39.5m) this year on the evidence of the poor showing in the first half.

This would be the heaviest shortfall ever suffered by SEAT, which managed to produce a profit of Pta406m last year.

SEAT, in which the two major stakes are held by Fiat of Italy with 35 per cent and the Spanish state holding company INI with 36 per cent, began the year in serious trouble, having seen its home market share plummet from over 60 per cent at the start of the decade to under 30 per cent last year.

Its lead has been taken over by Fasa-Renault, closely followed by Chrysler and Citroen. The advent of Ford in 1976, although of limited impact due to curbs on its sales volume, nevertheless took up any slack on the home market that could have benefited SEAT.

Last year, SEAT produced 353,000 cars, selling 68,000 abroad (12.1 per cent down on 1976) and 242,000 at home (17.2 per cent less). In January, SEAT applied to the Employment Ministry to put its workers on a three-day week for three months to try to reduce stocks.

The decision was held up until the end of March, mainly because of its political sensitivity. With plants in Pamplona, Martorell (Catalonia), but principally Barcelona, SEAT is the country's third largest employer.

Strong union pressure cut the number of lost working days from 24 to 16, but by then the company had accumulated stocks of 85,000 cars, or nearly three months' normal production. SEAT reduced its output estimate for the year to 250,000 units, but even this is now seen as unreachable. During the first five months of this year, SEAT produced 115,000 cars against 163,000 in the same period last year.

Exports have risen to 30,000 cars during the first four months, but this is not enough to offset the continued stagnation at home, where SEAT's share of the market continues to decrease.

The company's main problem is the decreasing public appeal of its standard models. In the past SEAT, in which Spanish banks also own 15 per cent was able to benefit from Fiat's technology, while catering to a practically captive local market. With the establishment of its multinational competitors in Spain, however, it is dependant on Fiat's innovation to make its own models more attractive, at the same time that it loses any economies of scale that would come from its being part of a multi-national.

SEAT's management is backing a solution based on increased participation by Fiat, while the unions maintain an ambiguous attitude. The Spanish Communist Party, which dominates the Workers' Commissions—the union which won the SEAT factory council elections—privately favours the Fiat solution, and has already sent a delegation to Turin for talks with its Italian colleagues.

But the influential radical minority inside the SEAT Workers' Commission, in alliance with other unions, is likely to press for absorption by INI.

Setback for Nordic companies

By William Dullforce

STOCKHOLM, July 26.

THE AVERAGE profitability of the 500 largest Nordic companies plunged to 6 per cent in 1977. Corporate earnings, measured by net operating profit plus interest charges as a percentage of total assets, did not even match bank interest rates.

This is one of the more significant findings in the compilation of Nordic business results published today by a Stockholm business weekly. It confirms tough year for the five Nordic countries with the international in several branches eroding profits.

Worst hit were the big Swedish and Finnish corporations. One in three of these made a loss last year, while one in six of the major Norwegian concerns and one in 10 Danish businesses turned in losses. Returns on capital employed averaged 4.7 per cent in Finland, 5 per cent in Sweden, 6.3 per cent in Norway and 9.6 per cent in Denmark.

The most profitable business in the area was Oy Alko, the Finnish state alcohol monopoly, which achieved a return of 32.7 per cent. The only other compan yto yield more than 30 per cent was Rank Xerox's Swedish subsidiary.

These two were followed by 10 Danish concerns, most of which produce and market foodstuffs. One reason for this Danish profits supremacy, according to Mr. Arne Pilegaard, chairman of the Danish Agricultural Council, is Denmark's membership of the EEC, which has given Danish farmers a much larger "home market."

Triad agrees on SPP offer

BY ANTHONY ROWLEY

HONG KONG, July 26.

TRIAD HOLDINGS has reached agreement with Southern Pacific Properties (SPP) on an offer of 80 HK cents a share for the 70.9 per cent of SPP which it does not already own, or which has not already been pledged to it. The transaction has a value of HK$121m (U.S.$26m).

Southern Pacific Properties was heavily involved through a subsidiary in the Pyramids Oasis Resort project at Giza, in Egypt, which was cancelled recently by the Egyptian Government, threatening the interests involved with substantial financial losses.

After that, there were doubts about whether Arab financier, Mr. Adnan Khashoggi's Triad would proceed with previously-mooted takeover plans for SPP, though these were resolved last month. The offer is to be made through a Triad subsidiary, Barrick Investments. Holdings in SPP by Peninsular and Oriental P & O), Trust Houses Forte and J. G. Boswell—all UK groups —have already been pledged to Triad, it is understood.

The offer of 80 cents a share compares with the market price of 52 cents a share when SPP shares were suspended here on May 17, after the Cairo decision was announced, and with a net asset backing of 56 cents a share as at the end of 1977.

The subsidiary is understood to have invested around HK$16m in the US$500m Pyramids Oasis project before it was cancelled. Compensation in relation to the investment has been under negotiation.

SPP is being advised over the offer by BT Asia, a Hong Kong subsidiary of the Bankers Trust group, and Barrick is being advised by Wiardley, the merchant-banking arm of the Hongkong and Shanghai Banking group. SPP shares were scheduled to be re-quoted on the stock exchanges here today, but an approaching tropical storm put an early end to the day's trading.

Profits up in Australia

CANBERRA, July 26.

TRADING and profit conditions in Australia improved substantially in the June quarter, according to the latest business survey by the Australian Chamber of Commerce and the National Bank.

The survey found that 65 per cent. of the firms experienced good or satisfactory trading in the June quarter, compared with 54 per cent. in the March quarter, while 55 per cent. had good or satisfactory profit, up from 50 per cent. in the March quarter.

Expectations for the September quarter are that 63 per cent. will have good or satisfactory trading results, and 57 per cent. good or satisfactory profits.

A significant reduction is reported in the growth of labour costs, while purchase costs eased marginally. A further reduction in cost pressures is expected in the September quarter.

The demand for labour weakened in the June quarter, and is not expected to improve in the current three months. AP-DJ.

Slight gain at Indian bank

By Our Own Correspondent

CALCUTTA, July 24.

UNITED COMMERCIAL Bank, one of the big five of the Indian banking system increased its net profit slightly to Rs 21.29m in 1977, from Rs 20.98m in 1976.

Advances, however, rose more sharply, to Rs 2.56bn, from Rs 1.96bn.

The bank's deposits increased by 25.3 per cent, from Rs 7.88bn to Rs 9.87bn. The deposits figures for 1977 comprised Rs 8.98bn of internal deposits and Rs 890.9m outside India.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9¾pc 1989	97½	98¼
AMEV 8pc 1987	95¼	96
Australia 8¾pc 1992	92½	93¼
Australian M. & S. 9½pc '92	97½	98½
Barclays Bank 8¾pc 1992	95	95¾
Bowater 9½pc 1992	97½	98
Can. N. Railway 8¾pc 1986	94¾	95½
Credit National 8¾pc 1986	95¼	96
Denmark 8¾pc 1984	98¼	99
ECS 9pc 1993	98¼	99
ECS 8¾pc 1997	93¾	94
EIB 9¾pc 1992	98	98½
EMI 9½pc 1989	98¼	99
Ericsson 8¾pc 1989	96½	97½
Esso 8pc 1986 Nov.	99¾	100
Gt. Lakes Paper 8¾pc 1984	97½	98¼
Hamersley 9½pc 1992	100¾	101
Hydro Quebec 9pc 1992	96	96¾
ICI 8¾pc 1987	95½	96¼
ISE Canada 9½pc 1986	103¼	104
Macmillan Bloedel 9pc 1992	96	96¾
Massey Ferguson 9¼pc '91	99¼	99¾
Michelin 9¼pc 1988	100¾	101½
Midland Int. Fin. 8¾pc '92	95	95½
National Coal Bd. 8pc 1987	92½	93¼
National Wstmnstr. 9pc '86	100¾	101½
Nat'l Wstmnstr. 9pc '86 'B'	100¾	101¼
Newfoundland 9pc 1989	99¼	100
Nordic Inv. Bank 8¾pc 1988	96½	97
Norges Kom. Bk. 8¾pc 1992	95	95½
Norpipe 8¾pc 1989	95	95½
Norsk Hydro 8¾pc 1992	94½	95¼
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97	97½
Prov. Quebec 9pc 1995	94¾	95¼
Prov. Saskatchwn. 8¾pc '86	97	97½
Reed International 9pc 1987	92	94
RHM 9pc 1992	95	95½
Selection Trust 8¾pc 1989	90¼	91¼
Shell Intl. Fin. 8¼pc 1990	95¼	96
Skand. Enskilda 9pc 1991	98	98½
SKF 8pc 1987	91	91½
Sweden (K'dom) 8¾pc 1987	94¾	95
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93¼	94
New Zealand 8¾pc 1986	96	96½
Nordic Inv. Bk. 7¾pc 1984	93¼	94
Norsk Hydro 7¾pc 1982	95¼	96¼
Norway 7¾pc 1982	93¾	94¼
Ontario Hydro 8pc 1987	93¾	94¼
Singer 8¾pc 1982	98¾	100
S. of Scot. Elec. 8¾pc 1981	96	96½
Sweden (K'dom) 7¾pc 1982	94¾	95¼
Swedish State Co. 7¾pc '82	95	95½
Telmex 9¼pc 1984	99	99½
Tenneco 7¾pc 1987 May	91½	92¼
Volkswagen 7¾pc 1987	94¾	95¼

NOTES	Bid	Offer
Australia 7¾pc 1984	93¾	94¼
Bell Canada 7¾pc 1987	96	96½
Br. Columbia Hyd. 7¾pc '85	93	93½
Can. Pac. 8¾pc 1984	97½	98
Dow Chemical 8pc 1986	97½	98
ECS 7¾pc 1982	94¾	95¼
ECS 8¾pc 1989	94	94½
EEC 7¾pc 1982	95½	96
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8¾pc 1984	96	96½
Gotaverken 7¾pc 1982	94½	95
Kockums 8pc 1983	96¼	97
Michelin 8¾pc 1983	98¼	98¾
Montreal Urban 8¾pc 1981	99¼	100
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8¾pc '83	98	98½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	90¼	90¾
Citicorp 10pc 1993	92½	93¼
Courtaulds 9½pc 1989	90¼	91¼
ECS 9½pc 1989	94¼	95¼
EIB 9½pc 1988	96¾	97½
EIB 9¼pc 1992	93¾	94½
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97½	98¼
Gestetner 11pc 1988	92	93
INA 10pc 1988	92½	93½
Rowntree 10¾pc 1988	90	91
Sears 10¾pc 1988	92	93
Total Oil 9¼pc 1984	90¾	91½

DM BONDS	Bid	Offer
Asian Dev. Bank 5¾pc 1988	93¼	94¼
BNDE 6¾pc 1986	96¼	96
Canada 4¾pc 1983	97	98
Den Norske Id. Bk. 6pc '90	98¼	99
Deutsche Bank 4¾pc 1983	96¼	97½
ECS 5½pc 1990	91¼	92¼
EIB 5½pc 1990	91½	92½
Elf Aquitaine 5¾pc 1988	93¼	94¼
Euratom 5½pc 1987	96¼	97
Finland 5½pc 1986	93½	94½
Forsmarks 5¾pc 1990	94½	95½
Mexico 6pc 1985	95½	96
Norcem 5¾pc 1989	98¾	99½
Norway 4½pc 1983	97	97½
Norway 4¼pc 1983	95	96
PK Banken 5¾pc 1988	94½	95¼
Prov. Quebec 6pc 1990	95¾	96¼
Rautaruukki 5¾pc 1986	94	94¾
Spain 6pc 1988	95	95¾
Trondheim 5¾pc 1988	95½	96
TVO Power Co. 6pc 1988	94¾	95¾
Venezuela 6pc 1988	94	95
World Bank 5¾pc 1990	94¾	95¾

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8¾pc	98¾	99¼
BFCE 1984 8¾pc	98¼	99¼
BNP 1983 8 11/16pc	99¾	100¼
BQE Worms 1983 9pc	97¾	98¼
CCF 1985 8¾pc	98¼	98½
Chase Manhttn. '93 9 5/16pc	99¼	99¾
Creditanstalt 1984 8¾pc	98¾	99¼
DG Bank 1982 9pc	99¾	100¼
GZB 1981 8 13/16pc	99¾	100¼
Intl. Westminster 1984 8pc	98¾	99¼
Lloyds 1983 8 15/16pc	99¾	100
LTCB 1983 8pc	99¼	99¾
Midland Int. FS '87 8 9/16pc	98¾	99¼
Midland Int. FS '93 8 7/16pc	98¾	99¼
Nat. Westminstr. '90 9 5/16pc	98¾	99¼
OKB 1983 9¼pc	99¾	100
SNCF 1985 8¾pc	99¼	99¾
Stand. and Chtrd. '84 8¾pc	98¾	99¼

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	81½	83
Ashland 5pc 1988	94¼	96
Babcock & Wilcox 6¼pc '97	111½	112½
Beatrice Foods 4¼pc 1992	97	98½
Beatrice Foods 4½pc 1992	107½	109
Beecham 6¼pc 1992	104½	105½
Borden 5pc 1992	99	100½
Broadway Hale 4¾pc 1987	75½	77
Carnation 4pc 1987	78½	80
Chevron 5pc 1988	129½	131
Dart 4¾pc 1987	81	82½
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4¾pc 1987	77½	79
Firestone 5pc 1988	79½	81
Ford 5pc 1988	79½	81
General Electric 4¼pc 1987	81	82½
Gillette 4¾pc 1987	77	78½

INTL. FINANCIAL AND COMPANY NEWS

Recovery maintained at AECI in first six months

BY RICHARD ROLFE

JOHANNESBURG, July 26.

THE AECI group, which is mainly engaged in the manufacture of chemicals, fertilisers, explosives and synthetic polymers, maintained the recovery in profits shown in the last half of 1977 during the latest six months to June 30. Compared with the poor first half of 1977, pre-tax profits are up from R23.6m to R40.1m ($46.1m) on turnover up from R276m to R333m ($383m). ICI and De Beers Industrial Corporation are the largest shareholders in AECI.

The latest profits are slightly down on the second half of 1977, when the pre-tax level was R41m on sales of R314m. But the second half is traditionally the more buoyant, and a new factor in the six-month period just ended is that the group's Coalplex project became operational from April 1. So the latest figures include additional depreciation costs of R1m per month, as well as unspecified start-up losses.

Earnings per share were 15.2 cents for the latest six months against 9.1 cents for the previous comparable period and 16 cents in the second half of 1977. The interim dividend has been raised 1 cent to 10 cents and assuming a 20 cents total for the year, against the previous 18 cents, the shares at 290 cents yield 6.9 per cent.

The Board forecasts profits "at least in line" with those of the first half during the second half, despite the additional Coalplex provisions and subject to maintaining the present "improved level of economic activity."

Sales volume improved by an average 11 per cent in the six months to end-June, with the group's synthetic polymers arm, SA Nylon Spinners, showing 25 per cent growth. SA Nylon Spinners broke even last year on R80m of turnover, and is now making profits. Exports showed a rise from R17.8m to R22.6m, mainly reflecting PVC sales from Coalplex, but selling prices are described as "depressed."

As a market leader, the shares have performed well this year, with the current price comparing to the 1977-78 low of 180 cents. Even more impressive has been the performance of the warrants which were issued as part of the group's fund-raising for Coalplex. They are now 65 cents against a low of 18 cents.

Consolidated profits up at TDK

TOKYO, July 26.

TDK ELECTRONICS Company's consolidated net earnings in the half-year ended May 31 rose 4.3 per cent to a record Y5.81bn (U.S.$30m) from Y5.57bn in the same period of the previous year. On an annual basis, earnings per share rose to Y127.29 from Y122.10.

Consolidated half-year sales also reached a peak, rising 16.5 per cent to Y59.25bn (U.S.$304m), from Y50.88bn.

Increases in the sales of audio and video tapes was the primary factor behind the improvement in the six months, the company said. Magnetic recording tape sales gained 47.7 per cent to Y24bn or 40.5 per cent of sales, against 31.9 per cent a year earlier.

The company expects to achieve better sales results in the second half, compared with the first, by placing emphasis on tapes, ferrite magnets and components for video tape recorders.

The company reports a 7.1 per cent increase in overseas sales on a consolidated basis to Y15.08bn, but the share of such sales in the total declined to 25.5 per cent from 27.7 per cent a year earlier.

Sales of ferrite cores and magnets showed a gain of 0.1 per cent to Y18.9bn, with the share of total sales lowered to 31.9 per cent from 37.1 per cent, ranking it second in product sales for the first time.

Sales of coil components and memory devices were up 2.1 per cent to Y8.99bn, and sales of coil ceramic capacitors 2.6 per cent to Y6.619bn.

As reported earlier parent company net earnings in the half-year increased 13.1 per cent to Y5.54bn, from Y4.89bn. Sales gained 18.5 per cent to Y56.18bn from Y47.92bn.

* * *

Kajima Corporation, the Japanese construction concern, raised its after-tax profit by 1 per cent, to Y6.52bn ($33.4m) in the first-half, ended May 31, from Y6.45bn in the first six months of the previous year, reports Reuter from Tokyo.

Sales rose 11.6 per cent to Y284.91bn from Y255.36bn.

The interim dividend is unchanged at Y4.5.

* * *

Ishikawajima-Harima Heavy Industries Company has turned in consolidated net income of Y3.83bn ($19.64m) for the year to March 31 on sales of Y905.01bn ($4.64bn). Earnings per share come to Y3.03. Results are consolidated for the first time.

* * *

Consolidated net profit of Japan Air Lines Company reached Y8.56bn ($43.9m) for the year ended March 31 on sales of Y468.23bn ($2.4bn). Earnings per share were Y86.98. There are no comparatives as results are consolidated for the first time.

Agencies

Malaysian Airline refinancing

BY WONG SULONG

KUALA LUMPUR, July 26.

MALAYSIAN Airline System, has secured a loan for 36m ringgits, which it will use to repay a more expensive loan taken from American banks last year for the purchase of its second DC10 aircraft.

The new loan, provided by Malayan Banking Berhard, the biggest Malaysian bank, is for five years, at an undisclosed fixed interest rate.

A MAS spokesman said the airline's second DC10, costing US$30m, was financed by Exim Bank, 40 per cent, MAS 10 per cent, and American Banks, 50 per cent.

He said that as a result of cheaper interest rates prevailing in Malaysia, and the more favourable exchange rate of the ringgit, the airline had taken advantage of the situation to repay its loan to the American banks.

He added that the airline was now negotiating for a second loan in the Malaysian market to finance a US$9m Boeing 737 which it recently ordered.

Internatnl. Wood earnings down

BY H. F. LEE

SINGAPORE, July 25.

A SHARP FALL in earnings at International Wood Products, a joint venture between the Mitsui Company and Dantani Plywood Company, of Japan, and Singapore shareholders, has been reported for the year to February.

Net earnings in 1978 fell by 69 per cent to S$1.64m, from the record S$5.2m of the previous year.

The company currently enjoys pioneer status and is therefore exempted from tax on earnings.

International Wood, which is involved in the manufacture of wood veneer, plywood and blockboard gave no reason for the sharp decline.

However, at the half-year stage, the company warned shareholders that the plywood market at that time was weakening and that its sales prices were declining significantly, particularly after the exhaustion of the generalised system of preference's quota for the UK market.

The company's profits for the full year were a shade lower than earnings reported in the first six months.

The company is almost totally dependent on export sales.

Despite the downturn in profit, the Board has decided to recommend an unchanged first and final dividend of 10 per cent, tax exempt.

Grace Bros. buys J. B. Young stake

By Our Own Correspondent

SYDNEY, July 26.

GRACE BROS HOLDINGS has purchased a 20 per cent equity in the New South Wales country retail chain, J. B. Young Holdings. Grace bought the 19.89 per cent stake in Young held by the diversified group, Burns Philp and Co., and acquired a few more shares on the market, to take the holding to 20 per cent, at which level Grace Bros could equity account.

The purchase cost Grace A$4.38m (U.S.$5m, but the directors said that there was no present intention to increase the shareholding. The parcel had been obtained as an investment. Burns Philp had held the Young shares for two years, having obtained the interest through selling some of its former Mates retail chain to the country retailer. Burns Philp had made it known about two weeks ago that it no longer considered the parcel a strategic holding, and that it was prepared to sell, and to invest the funds elsewhere. Grace Bros was approached and bought the shares.

VONTOBEL EUROBOND INDICES
14.5.76=100%

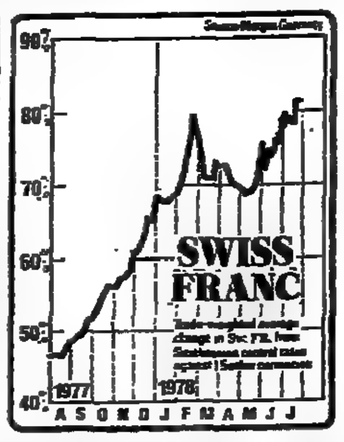
PRICE INDEX	19.7.78	25.7.78	AVERAGE YIELD	19.7.78	25.7.78
DM Bonds	105.44	104.65	DM Bonds	6.502	6.718
HFL Bonds & Notes	103.81	103.86	HFL Bonds & Notes	7.592	7.576
U.S. $ Strt. Bonds	98.73	98.98	U.S. $ Strt. Bonds	8.963	8.922
Can-Dollar Bonds	100.00	100.33	Can-Dollar Bonds	9.291	9.214

Currency, Money and Gold Markets

Dollar firms on trade figures

The U.S. dollar showed a marked improvement against most currencies in yesterday's foreign exchange market on news of a smaller than expected U.S. trade deficit for June. Most market predictions had fallen between $2bn and $2½bn and when the June figure showed a deficit of $1.6bn, its lowest for over a year, the dollar reacted strongly. Prior to the announcement market conditions saw the dollar improve very slightly

Against the mark the dollar improved to DM 2.0555 from DM 2.0485 on Tuesday while the Swiss franc also eased in dollar terms to SWFr 1.7850 against SwFr 1.7775.



The one notable exception was the Japanese yen which touched Y193.1 at one point before closing at Y194.1, a post war record and compared with Y195.55 previously. Of the $1.6bn deficit, the U.S. ran a $1bn deficit with Japan in June and $6.32bn in the first six months of this year. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation was slightly wider at 8.7 per cent from 8.6 per cent which again reflected the strength of the yen.

Sterling suffered more than most on the dollar's improvement. About the same time as the U.S. trade figures were announced, the TUC anounced a flat rejection of the Government's 5 per cent pay proposals and the pound's subsequent decline prompted a little support from the Bank of England although not on any sizeable scale. Sterling opened at $1.9270-1.9280 which was really the best level for the day. By noon it had eased to $1.9250-1.9260 before falling sharply to $1.9080-1.9090, its worst point of the day. However, with a little official assistance, the pound recovered slightly at the close to $1.9115-1.9125, a fall of 1.45c. Using Bank of England figures, sterling's trade-weighted index reflected the overall weakness by falling to 62.3 from 62.8 on Tuesday, having stood at 62.8 at noon and in early dealings. Forward sterling showed a weaker tendency

Elsewhere the Canadian dollar improved slightly against the U.S. dollar to 89.03½ U.S. cents from 89.00½ U.S. cents, being helped by a rise in the Canadian discount rate to 9 per cent from 8¾ per cent. Similarly the Belgians increased their discount and Lombard rate to 6 per cent, although the franc was once again below its lowest permitted level against the mark within the European "snake."

FRANKFURT—Trading ahead of US trade figures for June was extremely nervous and the dollar was fixed at DM2.0502 compared with the previous fixing of DM2.0470 and the Bundesbank did not intervene at the fixing. Prior to the figures being announced, market sentiment was not optimistic and news of the $1.6bn trade deficit came as a pleasant surprise and was also its lowest point in more than a year. Most had expected a figure between $2bn and $2½bn. Following the release, the dollar was quoted at DM 2.0575 up from DM 2.0515 shortly before. Against 22 other currencies, the Bundesbank trade weighted mark revaluation index eased slightly to 145.1 from 145.2 which was up 0.4 per cent from the end of 1977.

PARIS—The U.S. dollar rose against the French franc after the U.S. trade figures for June, but only slightly. The market is still bearing in mind the overall uncertainty surrounding the U.S. economy. Towards the close, the dollar was quoted at FFr 4.4070 compared with FFr 4.3975 in the morning and FFr 4.3985 on Tuesday. Sterling fell sharply to FFr 8.4330 from FFr 8.4690

TOKYO—The U.S. dollar fell to a post-war record low of Y194.5 during the afternoon.

THE POUND SPOT

July 26	Bank rate %	Day's spread	Close
U.S. $	7¼	1.9080-1.9260	1.9115-1.9125
Canadian $	9	2.1430-2.1635	2.1470-2.1480
Guilder	5	4.24-4.29	4.24½-4.25½
Belgian Fr.	6	61.65-62.40	61.90-62.00
Danish Kr.	8	10.67½-10.75	10.70-10.71
D-Mark	3	3.92-3.95	3.92½-3.93½
Port. Esc.	18	87.00-87.80	87.20-87.50
Span. Pes.	8	147.00-147.90	147.30-147.50
Lira	11½	1,613-1,627	1,614½-1,615½
Norwgn. Kr.	7	10.30-10.38	10.30-10.31
French Fr.	9½	8.41-8.50	8.41½-8.43½
Swedish Kr.	6½	8.65-8.73	8.65½-8.66½
Yen	3½	368-373	370½-372½
Austria Sch.	3½	28.20-28.50	28.35-28.45
Swiss Fr.	1	3.40¼-3.44½	3.41-3.42

Belgian rate is for convertible francs. Financial franc 62.90-63.00.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S.	0.57-0.47c pm	[illegible]	[illegible]	[illegible]
Canada	0.60-0.50c pm	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]	[illegible]
Belgian	[illegible]	[illegible]	[illegible]	[illegible]
Danish	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]
Nrwgn. Kr.	[illegible]	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible] c pm. 12-month [illegible] c pm.

THE DOLLAR SPOT

July 26	Day's spread	Close
Canad'n $*	89.02-89.11	89.02-89.05
Guilder	2.2190-2.2250	2.2235-2.2250
Belgian Fr	32.25-32.42	32.39-32.41
Danish Kr	5.5760-5.5930	5.5810-5.5830
D-Mark	2.0490-2.0555	2.0545-2.0555
Port. Esc	[illegible]	[illegible]
Lira	843.50-844.80	844.50-844.80
Nrwgn. Kr	5.3770-5.3900	5.3885-5.3905
French Fr	4.3975-4.4075	4.4055-4.4075
Swedish Kr	4.5250-4.5330	4.5295-4.5315
Yen	[illegible]	[illegible]
Austria Sch	14.74-14.80	[illegible]
Swiss Fr	1.7725-1.7825	1.7795-1.7815

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

July 26	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

July 26	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 26	£	$		Note Rates
Argentina Peso	1,535-1,540	803.45-806.44	Austria	27½-28½
Australia Dollar	1.6520-1.6580	0.8640-0.8670	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Germany	[illegible]
Greece Drachma	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong Dollar	[illegible]	4.6480-4.6530	Italy	1585-1610
Iran Rial	132-138	69.04-72.17	Japan	370-380
Kuwait Dinar (KD)	0.519-0.529	0.2714-0.2767	Netherlands	4.15-4.30
Luxembourg Franc	61.90-62.00	32.39-32.41	Norway	10.25-10.40
Malaysia Dollar	4.47-4.49	2.3400-2.3425	Portugal	83-90
New Zealand Dollar	1.8225-1.8305	0.9528-0.9551	Spain	[illegible]
Saudi Arabia Riyal	6.51-6.61	3.40-3.45	Switzerland	3.45-3.60
Singapore Dollar	[illegible]	2.2730-2.2740	United States	1.91-1.93
South African Rand	1.6654-1.6825	0.8710-0.8800	Yugoslavia	35-37

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 26	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.912	3.935	371.8	8.420	3.415	4.253	1614.	2.148	61.95
U.S. Dollar	0.523	1.	2.057	194.4	4.404	1.786	2.224	844.1	1.123	32.40
Deutsche Mark	0.254	0.486	1.	94.55	2.141	0.868	1.081	410.4	0.546	15.75
Japanese Yen 1,000	2.690	5.143	10.58	1000.	22.65	9.186	11.44	4342.	5.777	166.6
French Franc 10	1.188	2.271	4.670	441.5	10.	4.056	5.050	1917.	2.550	73.57
Swiss Franc	0.293	0.560	1.152	108.8	2.466	1.	1.245	472.6	0.629	18.14
Dutch Guilder	0.235	0.450	0.925	87.42	1.980	0.803	1.	379.5	0.505	14.57
Italian Lira 1,000	0.620	1.185	2.436	230.3	5.217	2.116	2.635	1000.	1.331	38.38
Canadian Dollar	0.466	0.890	1.831	173.1	3.921	1.590	1.980	751.6	1.	28.85
Belgian Franc 100	1.614	3.086	6.348	600.1	13.59	5.513	6.864	2605	3.467	100.

EURO-CURRENCY INTEREST RATES*

July 26	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¾-12	7½-8½	7¾-8	4-4¼	1⅛-1½	3-3⅛	7⅛-7¾	21-25	—	—
7 days' notice	10¾-11¼	7½-8½	7⅞-8⅛	4⅛-4⅜	2¼-2⅜	3⅛-3¼	8-8¼	14⅛-15⅛	7⅞-8⅛	[illegible]
Month	10¼-10⅜	7⅞-8	7½-7¾	4¾-5	1⅛-1¼	3⅛-3¼	8⅛-8⅜	12½-13½	8⅛-8¼	[illegible]
Three months	10⅛-10⅜	8⅛-8⅜	8¼-8½	5⅜-5⅝	1¼-1⅜	3¼-3⅜	9¼-9⅜	13-14	8⅜-8⅝	5⅛-5⅜
Six months	11-11⅛	8⅞-9¼	8⅞-9⅛	6⅜-6⅝	2-2⅛	3½-3⅞	9½-10⅛	13½-14½	9 1/16-9 5/16	5½-5¾
One year	11⅛-11⅜	9¼-9⅝	9-9¼	6¾-7	2⅛-2⅜	4-4⅛	10⅝-10⅞	14½-15½	9⅛-9⅜	5⅛-5⅜

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.25-8.35 per cent; six months 8.75-8.90 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar deposits: two years 9¼-9⅜ per cent; three years 9¼-9½ per cent; four years 9 5/16-9 9/16 per cent; five years 9¼-9⅜ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Canada and Belgium lift rates

Fears about the future of the U.S. economy are leading to widespread repercussions on interest rates around the world. Denmark recently reduced its central bank discount rate, and on occasions it has been suggested that the Bank of England may move Minimum Lending Rate in a similar direction, but any such move would be very much against the general trend.

The Netherlands Bank raised its discount rate by ½ per cent to 4½ per cent earlier this week, and yesterday similar rises were announced by Canada and Belgium.

Problems with the U.S. economy have led to higher interest rates in New York, and heavy pressure on the dollar, which in turn has caused difficulty for some members of the European currency snake, notably the Dutch guilder and Belgian franc against the German D-mark.

The rise in the Belgian discount rate and Lombard rate to 6 per cent came as something of a surprise however, since pressure on the Belgian franc has not been as great recently, but the move was apparently prompted by the increase in the Dutch discount rate.

In Canada the rise to 9 per cent from 8¾ per cent in the Bank of Canada discount rate was seen as a move to keep pace with firmer U.S. interest rates. This is the rate at which the central bank makes loans to commercial banks, and is now at its highest level since November, 1976.

ZURICH—The big Swiss banks announced the expected cut of ¼ per cent in fixed deposit interest rates, following plans by the Swiss National Bank to increase liquidity by releasing SwFr 450m from Federal funds. Rates were increased by ½ per cent on July 20. Rates for three to 11-month deposits now stand at 1¼ per cent, and 12-month deposits at 1½ per cent.

NEW YORK—Interest rates were slightly easier, with federal funds trading at 7¾ per cent, compared with 7 13/16 per cent previously, while 13-week Treasury bills fell to 6.90 per cent from 6.93 per cent, with 26-week bills at 7.40 per cent against 7.44 per cent, and one-year at 7.50 per cent compared with 7.82 per cent.

PARIS—Day-to-day money was unchanged at 7½ per cent, while one-month funds were slightly firmer at 7 7/16-7 9/16 per cent, compared with 7⅜-7½ per cent previously. The three-month rate was quoted at 7 9/16-7 11/16 per cent, compared with 7 9/16-7⅝ per cent, and six-month was unchanged at 8¼ per cent, with 12-month easing to 8⅜-8½ per cent from 8½ per cent.

FRANKFURT — Call money eased to 3.4 per cent from 3.5 per cent, with the period rates steady, except for six-months, which rose to 4.15 per cent from 4.10 per cent.

UK MONEY MARKET

Large shortage

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave large assistance once again. They bought a moderate amount of Treasury bills, and a small number of eligible bank bills. Some of the bills were purchased for resale to the market at an agreed future date. The Bank of England also lent a small amount until Friday to five or six discount houses, at Minimum Lending Rate of 10 per cent.

Banks brought forward slight surplus balances, and the market was also helped by a slight fall in the note circulation. On the other hand repayment was made of money advanced to the market last Friday, settlement was made of moderate gilt-edged sales, and there was a slight net take-up of Treasury bills to finance.

Discount houses paid 9¾-10 per cent for secure call loans in early trading, and closing balances were taken at 9-10 per cent.

In the interbank market overnight loans opened at 10¾-11 per cent, and eased to 10½ per cent, before rising to 13 per cent shortly after lunch. Rates eased again, to around 10 per cent, before rising sharply to 15 per cent near the close, and finishing within a wide range of 10-15 per cent.

LONDON MONEY RATES

July 26 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-15	—	—	—	11⅛	9-10	—	—	—
2 days notice	—	—	10⅞-11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11½	—	—	—	—
7 days notice	—	10⅝-11¼	10⅞-11⅛	—	11-11¼	—	9¾-10	—	—	—
One month	10⅜-10¼	10 1/16-10⅜	10¼-11	10⅞-10¼	10¾-11⅛	10⅞	9½-10	[illegible]	10	10⅝
Two months	10¼-10⅛	10 1/16-10½	—	10⅜-10	10⅝-11	—	9½-9⅝	[illegible]	9¾-9⅞	10½
Three months	10⅛-9 7/8	[illegible]	10¼	9¾-9½	10⅜-10¾	10¾	9⅜-9½	[illegible]	[illegible]	10⅜
Six months	[illegible]	[illegible]	[illegible]	[illegible]	10⅜-10¾	—	—	—	[illegible]	10⅜
Nine months	[illegible]	10⅛-10⅜	—	[illegible]	10¾	—	—	—	—	—
One year	[illegible]	10⅛-10⅜	10¼-10⅝	9⅞-9⅞	10¾	—	—	—	—	—
Two years	—	—	10⅞-11	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 11¾-12¼ per cent; five years 11¾-12¼ per cent. ♦ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9 11/16-9¾ per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 9⅝ per cent; and two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills 10½ per cent; two-month 10½ per cent; and also three-month 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association): 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

GOLD

Little change

Gold was fixed at $194.70 per ounce at the morning fixing in yesterday's London bullion market after opening at $194¼-195¼. Activity during the early part of the day was generally quiet ahead of the U.S. trade figures. However, business picked up with the opening of New York markets and trading was moderately active with an afternoon fixing of $194.30. Conditions after the trade figures were announced became slightly confused while most people kept a watchful eye on the performance of the dollar. The metal did touch $195½-196 at one point while the low for the day was around $193¾-194¾. Gold finally closed unchanged from the previous day at $194-194½.

	July 26	July 25
Gold Bullion (a fine ounce)		
Close	$194-194½	$194-194½
Opening	$194¼-195¼	$194½-195½
Morning fixing	$194.70 (£101.222)	$194.05 (£100.520)
Afternoon fixing	$194.3 (£101.469)	$193.30 (£100.[illegible])
Gold Coins, domestically		
Krugerrand	$204-206	$203½-205½
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	[illegible]	$200-202
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.75
Treasury Bills (13-week)	6.90
Treasury Bills (26-week)	7.40

GERMANY

Discount Rate	3
Overnight	3.4
One month	3.65
Three months	3.75
Six months	4.15

FRANCE

Discount Rate	9.5
Overnight	7.5
One month	7.5
Three months	7.625
Six months	8.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	[illegible]

Trade figures lift Dow 7 in heavy volume

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1—97½% (99¼%)

Effective \$1.9120—45% (47⅛%)

AIDED BY better-than-expected June trade figures, Wall Street extended Tuesday's rise yesterday in the heaviest volume in more than a month.

However, the market began to give back some of its gains on profit-taking late in the session, which was the busiest since June 14, when 37.29m shares changed hands. Volume yesterday amounted to 36.83m shares, compared with Tuesday's figure of 25.40m.

The Dow Jones Industrial Average rose afresh to 852.48 before ending a net 7.62 higher at 847.19. The NYSE All Common Index was finally 34 cents firmer at \$55.61, after reaching \$55.74, while advances outscored losses by 981 to 472.

The Commerce Department said the U.S. trade deficit narrowed in June to a seasonally adjusted \$1.6bn from a \$2.24bn loss in May.

The trade figures also aided the dollar, which analysts said lent further strength to the stock market, recently sensitive to dollar fluctuations.

Conflicting forecasts on inflation, however, were somewhat worrying. The Congressional Budget Office predicted inflation will worsen, but Council of Economic Advisers Chairman Schultze said an improvement over the rest of the year is likely.

Confusion about inflation may be cleared up somewhat when the Government reports later this week on the June consumer price index.

Airlines continued their market leadership. Pan American Airways, in heavy trading, added ¼ at \$8, its highest price in several years, reflecting sharply higher second-quarter net profits and announcement that it is reviewing the possibility of a dividend resumption—the last dividend paid was 10 cents in May, 1969.

UAL put on ¼ to \$36⅜, and American Airlines ⅜ to \$15⅜ ex dividend, but Eastern Air Lines slipped ⅛ to \$14⅛ in brisk trading.

Polaroid, still on the raised quarterly dividend, climbed ⅞ more to \$47⅞. Eastman Kodak, also active, rose 1⅛ to \$60⅜.

Bates Manufacturing moved ahead 2½ to \$57⅜—it has received an offer from two concerns to buy its wholly-owned Virginia Iron Coal and Coke unit for \$95m in cash and notes.

Exxon picked up ⅛ to \$45⅛ on increasing the quarterly dividend to 85 cents a share from 80 cents.

Getty Oil, which reported reduced second-quarter results, fell \$2 to \$35⅞.

THE AMERICAN SE Market Value Index advanced 0.62 more to 152.88 in active trading. Volume 4.49m shares (3.56m).

Canada

News of an increase in Bank Prime rate thwarted an opening fresh rise in stock prices yesterday, and markets finished with an easier tendency on balance after an active business. The Toronto Composite Index was finally 1.0 down at 1,181.6, while Golds, strong of late, retreated 25.4 to 1,544.4. Metals and Minerals declined 9.8 to 977.4. Papers 1.07 to 121.09 and Utilities 0.79 to 178.35, but Banks rose 1.40 to 286.31 and Oils and Gas 10.4 to 1,527.3.

Canada Tungsten Mining rose 1¼ to C\$17⅜ on higher first-half earnings and a report that uranium traces were found near company property.

Murphy Oil eased ⅛ to C\$13, Pine Point Mines ⅜ to C\$21¼ and Kerr Addison "A" ¼ to C\$12 after all three reported lower earnings, but Celanese Canada added 5 cents at C\$3.55 and Budd Automotive ⅞ at C\$12½ on improved results. Dominion Citrus "A" gained ⅜ to C\$10½ on a dividend increase.

Germany

The market's advance continued yesterday, lifting the Commerzbank index 3.0 higher to a new peak for the year of 816.0.

The Stores sector was especially strong, on expectations of favourable tax measures being agreed at the West German Cabinet meetings presently being held to consider Chancellor Helmut Schmidt's proposed stimulus package. Karstadt gained DM 8.00, Kaufhof DM 4.30, Neckermann DM 6.50 and Horten DM 3.00.

Chemicals were also well favoured, with Bayer rising DM 4 and Hoechst DM 3.20. Deutsche Bank added DM 2.30, while Motors had BMW DM 1.50 firmer.

Public Authority Bonds, however, showed renewed marked weakness, sustaining falls ranging to 75 pfennigs. The Bundesbank bought DM 172.3m nominal of stock, against DM 18.1m purchases on Tuesday.

Tokyo

Shares put on a rather mixed performance in further moderate trading, with export-orientated issues remaining depressed as the yen continued its advance against the U.S. dollar.

The Nikkei-Dow Jones Average picked up 12.84 to 5,575.29, but the Tokyo SE Index slipped 0.12 more to 420.67. Volume equalled Tuesday's figure of 230m.

Motors and Electronics recorded some sizeable losses, Toyota Motor declining Y16 to Y871, Nissan Motors Y22 to Y765, Matsushita Electric Industrial Y12 to Y698 and Sony Y20 to Y1,590.

However, Public Works issues, such as Constructions, Road Pavings and Cements, improved, while domestic market-related stocks were also in firmer vein.

Oils continued to advance, along with some Paper-pulps and Trading Houses.

Nippon Telecommunications Construction put on Y90 to Y3,500, K. Hattori Y70 to Y1,100, Sekisui Prefab Y19 to Y899, Arabian Oil Y60 to Y1,510, Clarion Y59 to Y738, Nippon Hodo Y50 to Y1,230, Toyo Chemical Y49 to Y242, House Food Y40 to Y1,200, Nippon Shinpan Y13 to Y690, Kyushu Electric Power Y40 to Y1,290, Yokogawa Bridge Works Y38 to Y938 and Kasho Y35 to Y475.

On the other hand, Kaken Chemical receded Y90 to Y1,890, Hisamitsu Chemical Y60 to Y1,030, Securities Patrol Y60 to Y2,150, Mochida Pharmaceutical Y60 to Y1,618, Nippon Chemiphar Y30 to Y1,200, Meito Sangyo Y24 to Y786 and Maruzen Y24 to Y545.

Paris

Stocks were firmer-inclined in moderate activity.

Brokers remarked that the market was holding the upward trend begun a month ago, and that profit-taking was being absorbed without difficulty. As has been the case in recent sessions, there were no market-affecting developments yesterday.

CIC, Eurafrance, Michelin, Guyenne, Legrand, Peugeot-Citroen, Maisons Phenix, Generale de Fonderie, Perrier, CGE, Sogerap, Bellon, Thomson Brandt, Generale des Eaux and Europe 1 were among the day's best performers, but Finextel, BSN, Dumez, Alspi, Borel, Signaux, Pompey, Usinor and CFR, declined.

Australia

Markets continued to gain ground in a moderately active trading session, although BHP, a recent strong spot on the good annual results, came back 4 cents to A\$7.64.

Retailers remained active, C. J. Coles, after Tuesday's 15 cents rise on the increased profits and the K Mart deal, closed 2 cents firmer at A\$2.19. J. B. Young, up 8 cents the previous day on Grace Bros.' purchase of a 20 per cent interest, reacted 3 cents to A\$1.32. Grace Bros. held firm at A\$2.20 despite the industrial dispute in the warehouses.

Breweries, Tobaccos and Builders were firm, but there were some soft spots among Building Material Suppliers.

Among Minings, CRA featured with an advance of 15 cents to A\$2.94 on a rumour that there has been a diamond find at the Ashton prospect in the north-western part of Western Australia. Other Diamond hopefuls moved up in sympathy. Northern Mining, which holds a 5 per cent interest in Ashton, rose 10 cents to A\$1.40.

Central Norseman, after Tuesday's reaction of 30 cents, resumed its rise to close 30 cents higher at A\$9.50 on the stronger Gold price.

Coal and Allied moved ahead 10 cents to a new high for the year of A\$4.70, while its major shareholder, Howard Smith, gained 10 cents to A\$4.35.

Following a resumed strike at the company's Queensland coal mines, Utah closed 5 cents down at A\$4.20 but were above the day's worst.

Uraniums were an easier sector after recent strength, Pancontinental losing 20 cents to A\$15.30.

Despite a fall in the London daily sugar price, Sugar issues made fresh headway, CSR adding 9 cents at A\$3.17.

Hong Kong

There was no stock exchange trading yesterday due to an approaching severe tropical storm

Johannesburg

Gold shares were inclined to harden in line with the Bullion price.

Mining Financials were generally at previous levels and unresponsive to the gain in gold producers. Elsewhere, De Beers put on 5 cents to R7.10.

Platinums were a few cents easier in a small trade, but Coppers held steady.

The Industrial market was irregular with an easier bias.

Amsterdam

Share prices were narrowly mixed.

KLM, after an initial rise of more than Fl 4, came back to Fl 160.0 for a net loss of Fl 0.5—the 1978-79 first-quarter figures are due to be announced today.

Elsewhere, Nedlloyd lost more than Fl 2.

State Loans encountered large offerings and declines extending to Fl 1.5 occurred.

Milan

Bourse prices mainly reacted in quieter trading on profit-taking to close at the day's lowest following the recent advance.

Switzerland

Marginally higher in thin trading, supported by a more stable dollar.

Nestle Bearer put on 20 to SwFr 3,425, Oerlikon Buehrle 30 to SwFr 2,560 and Swissair 6 to SwFr 835.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax. [illegible] and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

Indices

NEW YORK —DOW JONES

	July 26	July 25	July 24	July 21	July 20	July 19	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	847.19	839.57	831.60	833.42	838.62	840.70	866.81	742.12	1051.70	41.22
H'me B'nds*	87.29	87.15	87.20	87.20	87.10	87.20	90.86	86.74	—	—
Transport	235.00	233.05	229.99	228.96	229.50	229.62	236.00	[illegible]	279.63	13.23
Utilities	105.85	105.85	106.38	105.07	105.28	105.26	[illegible]	102.34	165.32	10.58
Trading vol. 000's†	36,830	25,400	23,280	26,080	33,340	30,850	—	—	—	—

* Base of Index changed from August 24

Ind. div. yield %	July 21	July 14	July 7	(Year ago approx.)
	5.62	5.66	5.75	4.81

STANDARD AND POORS

	July 26	July 25	July 24	July 21	July 20	July 19	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	—	108.82	107.88	108.04	108.50	108.44	110.95	90.34	134.54	3.52
Composite	—	98.44	97.72	97.75	98.03	98.1?	100.52	86.90	125.85	4.40

[illegible]

NEW YORK

[illegible]

CANADA

[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY

[illegible]

TOKYO

July 26	Price Yen	+ or —	Div. %	Yld. %
Asahi Glass	320	—3	14	2.2
Canon	446	—5	12	1.3
Casio	679		25	1.8
Chinon	401	—7	20	2.5
Dai Nippon Print	565	+6	18	1.6
Fuji Photo	555	+14	15	1.4
Hitachi	246		12	2.4
Honda Motors	576	—1	18	1.6
House Food	1,200	+40	35	1.5
[illegible]				

Source Nikko Securities, Tokyo

AUSTRALIA

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND

[illegible]

COPENHAGEN

[illegible]

MILAN

[illegible]

STOCKHOLM

[illegible]

SPAIN

[illegible]

VIENNA

[illegible]

WEDNESDAY'S ACTIVE STOCKS

[illegible]

LONDON TRADED OPTIONS

[illegible]

THE JOBS COLUMN

Good results from universities' sales force

BY MICHAEL DIXON

THE UNIVERSITIES' main "sales force"—their careers and appointments staff — deserve congratulations. Their collective performance from 1975 to 1977 is summarised in the table alongside, which I have calculated from the latest figures issued by the Association of Graduate Careers Advisory Services. No one, surely, could deny that the progress is generally good.

One of higher education's more questionable results, for instance, is to disseminate among its students a somewhat inward-looking attitude to the choice of a career. Put roughly, the priorities of this choice are as follows:

1—*Stay at university until you are dead, or longer if possible.*

2—*Transfer to some other form of full-time education or training where the things you are called on to do, and by which you will be judged, are not for real.*

3—*Find a job whose emphasis is on taking care of folk who are deemed to be "disadvantaged" in some way, rather than on competing for results with people who could be classed as your equals.*

From the table, however, it appears that the first two means of avoiding exposure to competition outside the groves of academe, are declining in use if not in popularity. It may well be, therefore, that full-time postgraduate study for master's degrees and doctorates will soon lose the character of a growth industry which between 1969 and 1975 raised the annual output of higher degrees by 19 per cent to 4,902 in the sciences, by 36 per cent to 3,969 in engineering and technology, by 50 per cent to 2,133 in the arts, and by 127 per cent to 4,828 in social studies.

On both the arts-side (which includes social studies) and the science-side (which includes engineering and technology, but excludes medicine and associated subjects) smaller proportions of the graduates followed the 16 years of full-time study which led to their bachelor's degree, with several more years' worth of the same.

Part of the cause of this decline is no doubt a reduced availability of finance for higher-degree studies. But I feel sure that the careers' advisers deserve a good deal of the credit for their efforts to persuade academically bright youngsters to think carefully before committing themselves to a further long course which, far from advancing their career, might well restrict it by keeping them at university until they are too old for a range of promising jobs which would have been open to them at bachelor level.

The main reasons for the similar falls in the proportions transferring to vocational training are likely to be the currently declining prospects in schoolteaching and, I fervently hope, in social work.

Also going down, also encouragingly, are the proportions "believed unemployed" and simply not known about.

Where the different kinds of work in the United Kingdom are concerned, I find the movements indicated by the table equally cheering in general. True the science-side's rate of input into production work dropped last year. But that is probably accounted for by the jump in the input into research and development which in itself seems good news indeed.

Look, too, at the increased flow from both sides into the essential work of buying, and more especially marketing and selling.

In view of the evidence that sales success is associated with a poor rather than a good showing in higher academic examinations, the enlarged recruitment of graduates into this area may prove to be a dubious benefit to the employers concerned.

But the reverse connection is far from proved, and in any case it is not the business of university careers and appointments staff.

Their job is to sell graduates to employers, and to do so by persuading the graduates to look realistically for the start of their careers in the places where demand for their services is greatest. And last year the university advisers were on the whole doing their job well.

Remembering the career prejudices among the many graduates I have met, I would say that anyone who can sell selling to students is some salesman!

WHERE THE NEW UNIVERSITY GRADUATES WENT

	1975		1976		1977	
	Arts-side	Science-side	Arts-side	Science-side	Arts-side	Science-side
Number graduated at bachelor level	28,785	24,850	29,268	24,314	31,024	24,835
	%	%	%	%	%	%
Whereabouts unknown at December 31	12.9	8.8	11.7	7.3	11.3	8.0
Overseas graduates returned home, entered jobs abroad, etc.	9.0	8.8	8.7	9.5	9.4	10.5
Research and further academic study	8.8	17.7	8.7	18.1	8.1	16.4
Vocational training for teaching, law, etc.	29.5	10.8	29.0	10.7	26.1	9.0
Entered U.K. employment in:						
Management of general kind	4.5	3.2	4.3	3.0	4.6	2.6
Scientific research and development	0.2	9.1	0.2	9.1	0.2	12.4
Environmental planning	0.8	5.6	0.4	5.4	0.4	4.6
Routine scientific work	0.1	3.5	0.1	3.7	0.1	3.4
Production	0.5	6.8	0.6	7.0	0.8	6.0
Buying, marketing and selling	1.7	1.4	2.9	1.6	3.7	2.1
Management services	0.7	4.5	0.8	4.9	1.1	5.5
Financial Work	6.6	4.5	7.4	4.2	8.7	3.9
Legal work	2.5	0.1	2.9	0.1	3.1	0.1
Information work	2.1	0.6	1.0	0.6	1.8	0.5
Personnel and welfare	4.5	4.0	4.3	4.2	4.2	4.5
Teaching	2.6	0.9	2.1	0.7	1.9	0.6
Other kinds of "permanent" work	1.8	0.6	2.2	0.7	2.6	0.8
Temporary jobs	5.5	3.6	5.7	3.7	6.2	3.9
Believed unemployed at December 31	5.7	5.5	6.2	5.5	5.7	5.1

Consultants

LEN BROOKS, managing director of Inbucon in London, is looking for a number of "highly presentable, articulate, creative and ambitious" men and women aged between 28 and 34 to join his company as putative consultants.

Candidates could currently be working in engineering, accountancy, economics, psychology or other behavioural "sciences," or the computer field. Experience in industry and commerce is needed, and fluency in a second language would be an advantage.

"At any one time we are conducting programmes in some 30 countries overseas," Mr. Brooks says, "so there is plenty of opportunity to work abroad if that is desired."

Salaries up to £9,000, depending on experience. Perks include company car. Applications *including brief outline of career* to Joan Wild, Inbucon/AIC Management Consultants, Knightsbridge House, 197, Knightsbridge, London, SW7 1RN.

THE JOBS COLUMN is now going on holiday. It is due back, twice weekly, starting on Thursday, September 14.

ORD MINNETT

MEMBERS OF
THE SYDNEY STOCK EXCHANGE LIMITED

A vacancy exists in our London office for a senior institutional adviser/dealer in Australian securities.

Applicants should have experience in dealing in Australian equity investments and possess a background knowledge of Australian companies and economic conditions. A working knowledge of the Australian fixed interest market would be an added advantage.

Prospects are excellent for the right person seeking a permanent position.

An attractive salary will be negotiated commensurate with experience and potential.

Application in writing in confidence to:—

B. J. Gallery
Ord Minnett
One College Hill
London EC4R 2RA

Regional Accountant

We are an International Service organisation seeking a Regional Accountant (based in London), for our European Operations. *This is a key senior position reporting to the Regional Controller.*

The successful candidate will meet most of these criteria:—

(1) Be a qualified accountant.
(2) Be within the likely age parameters of 29-39.
(3) Have commercial experience in a hard-working environment.
(4) Have substantial experience in all aspects of dealing with staff.
(5) Proven experience of the production of comprehensive management and corporate accounts to a tight schedule.
(6) *Ability to relate to and understand* the requirements of a performance-orientated line operation.
(7) Have an energy level and ambition to succeed with responsibility.

A remuneration package in the order of *£8,000 p.a.* is envisaged which, besides normal fringe benefits, could include a company car. The job offers the opportunity for real commercial experience in a lively results-orientated environment. *Prospects in the medium term* include: growth in the advertised job through our rapid expansion; a move into a financial planning/liaison role; or a move into controllership.

Interested applicants should telephone *Mrs. D. Knight* on 01-437 6900 to obtain an application form.

ACTUARIAL OPPORTUNITY IN INVESTMENT MANAGEMENT

The Royal London Mutual Insurance Society has created *a new* post within its small but active investment management team for an Actuarial Student, aged in the early twenties, who is making good progress in the examinations. As a member of this team the successful applicant would be engaged, after a short period of training, in both research and dealing in connection with a large portfolio of Stock Exchange securities.

This opening offers a competitive salary, interesting and varied work and the prospect of an attractive career to the right person, who, although *initially* working in London, must be prepared to live within easily commutable distance of Colchester, where the *Royal London* aims to be relocated in approximately four years' time.

Apply in writing to:

The Controller, Personnel Administration,
Royal London Mutual Insurance Society Limited,
Wellington House, 90-92 Butt Road,
Colchester, Essex.

Director of Industrial Relations

The National Federation of Building Trades Employers invites applications for the post of Director of Industrial Relations which is to be separated from the post of Deputy Director-General. The holder of the post will be responsible to the Director-General for the industrial relations work of the Federation — industry-wide negotiations, conciliation and handling of disputes, employment legislation, advice and assistance to members, training policy for operatives' skills, safety policy.

Applicants should hold a degree or professional qualification and/or have experience in the personnel or industrial relations work of a company or employers' organisation. They should be able to show evidence of their ability to work in a team and to develop sound relationships with senior managers in companies of all sizes and with trade union leaders

An appointment under the age of 40 is unlikely. Salary by negotiation.

Applications should be addressed to the Director-General. NFBTE, 82 New Cavendish Street, London W1M 8AD and marked "Director of Industrial Relations." Closing date for applications is Friday, 25th August, 1978.

MILLER/BUYER

Long established independent millers situated in a pleasant country town wish to recruit a Miller/Buyer who will be expected to accept responsibility for the buying and milling operation. The mill is modern and produces a range of branded flour products and animal feeds.

Professional/technical qualifications, experience and ability in man-management are important considerations. The age range is 30-50 years.

The salary offered reflects the responsibilities in the job, as do pension, holiday arrangements, etc. There are further promotion prospects for the right person in the future.

Apply in confidence to Box A.6426,
Financial Times, 10, Cannon Street, EC4P 4BY

EUROBOND DEALER
To initiate operating in floating rate notes and C.D.'s. Highly negotiable and competitive salary.

LOANS ADMINISTRATION AND CREDIT ANALYSTS
Excellent prospects for candidates with experience, German an advantage. Salary £8,000.

MANAGEMENT ACCOUNTANT
Qualified or with good banking background for EC2 Bank. Age 26-30. Salary £7,000.

TRAINEE FOR PORTFOLIO MANAGEMENT
For large stockbrokers. Must have stockbroking experience, not necessarily in portfolio management. Age 23-28. Competitive salary.

L.J.C. BANKING APPOINTMENTS—01-283 9958

CONFERENCES

COMPUTER FRAUD ON THE QE2

The first international conference on Computer Fraud is to be held aboard the QE2, on her scheduled Atlantic crossing, on 20th September to 25th September 1978.

Senior Management on both sides of the Atlantic are being invited to attend. The conference will demonstrate in a practical manner, how and where the risks of fraud can occur, and how they can be detected and countered.

The conference is being organised by 20th Century Security Education Ltd., [illegible] Road, Leatherhead, Surrey. Should you wish to be part of this unique conference, contact Peter Heims on Leatherhead 74505.

Fixed-Interest Sales

Leading Firm of Stockbrokers

Our Client is a distinguished and highly-respected firm of stockbrokers which enjoys a world-wide reputation for the quality of its services.

A most attractive opportunity has now arisen for an experienced executive to assume responsibility for institutional business in fixed-interest securities. Candidates should have a sound stockbroking background, including at least three years' involvement in the fixed-interest market, together with a range of *established institutional* contacts.

Strong communicative skills are regarded as essential, as are qualities of initiative and self-motivation. The successful applicant will be rewarded with a competitive *remuneration package* coupled with *excellent* career prospects.

Contact A. J. Tucker in confidence on 01-248 3812

NPA Recruitment Services Ltd

Director & General Manager

Midlands c. £14,000

This appointment is with an Engineering Subsidiary Company of a major public group. Turnover is in excess of £10 million and there has been a history of growth and profitability. The Company is a market leader for its range of precision engineering products.

The Director & General Manager will have total responsibility for the management of the business to achieve agreed levels of sales, production and profitability.

It is essential to have had several years general management experience in precision engineering, successful man management and the achievement of positive financial results. Candidates, of either sex, should have a technical qualification. Salary is negotiable around £14,000 plus car.

Please apply in confidence for application form to:
D. G. de Belder, Knight Wegenstein Ltd., 75 Mosley Street, Manchester M2 3HR, tel. 061-236 0987, quoting ref. no. 68155.

Knight Wegenstein Limited
Executive Recruitment Consultants
Management Consultants and Consulting Engineers.
London · Manchester · Zurich · Dusseldorf · Madrid
Paris · Stockholm · Vienna · Chicago

CHIEF INFORMATION OFFICER

London c £8500

Our Client is a major Trade Association representing manufacturers in a vital section of the consumer goods industry. The appointment, therefore, requires *outstanding skills and experience* in communications that will ensure the effective presentation of their policy to a wide and influential audience. He/she will have the experience and intellectual capacity to understand and to contribute to the formulation of the Association's policy.

The successful candidate, male, or female, will be a member of the senior management team, supported by specialist executives and secretarial staff in the co-ordination, initiation, and monitoring of important corporate projects.

Salary by negotiation around £8500. Age is of less importance than personality, combined with a background of varied interests and journalistic experience with National and/or Trade Press. Alternatively, a senior appointment in a major P.R. agency would be relevant.

Please telephone for an application form and job specification, or write in confidence to:

ERIC JAMESON
PERSONNEL SELECTION
Personnel Selection Limited
46 Drury Lane, Solihull, West Midlands B91 3BJ
Telephone: 021-705 73[illegible] or 021-704 3[illegible]

General Manager

Saudi Arabia

The Directors of a leading Saudi Arabian business house with wide-ranging interests in the Kingdom now seek to further improve its already significant market position by the appointment of a General Manager.

The qualities needed embrace a determined business approach with an adaptability to local management style and conditions and a feel for the effective motivation of a multi-national staff.

A varied business management background in substantial merchanting rather than production companies would be relevant, with at least five years at general management level and experience of comprehensive, computerised management information systems. A formal academic or professional qualification is desirable and the preferred age range is 35-45. Accommodation, car, family and educational benefits will equate with the position and there is the opportunity for substantial capital accumulation in addition to salary. The post is most likely to appeal to someone in an earning position of £15/20k in the U.K.

Ref. A8661/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

A member of PA International

GENERAL MANAGER FUNDS

This is a key job and a new appointment within the treasury function of a major British business of international standing and reputation. Turnover is comfortably above £1 billion and assets exceed £900 m.

Two tasks predominate; the efficient management and utilisation of generated funds and the provision of funds to sustain growth.

Substantial experience and record of attainment is required in all aspects of cash management and funding with emphasis on funds control and investment, foreign exchange dealing, finance raising including leasing, and capital structures.

Broadly based experience will have been at the centre of large international business operating in the commercial, banking, industrial, or public sectors. Professional qualifications, preferably in accountancy, *and a degree would be ideal.*

Age: mid-late 30's. The initial salary will be in the range £10,000-£12,000 with attractive conditions of service including car provided. Location: Outer London.

Letters from suitably qualified men or women, should include a curriculum vitae including salary progression to date which will be handled in confidence by Dr A G Roach.

ROACH

A G ROACH & PARTNERS,
8 HALLAM STREET, LONDON W1N 6DJ

CREDIT MANAGER

FOR INTERNATIONAL BANK IN LONDON

Reporting to the Managing Director

The ideal candidate will have a degree in ECONOMICS, membership of one of the ACCOUNTANCY bodies and good BANKING EXPERIENCE.

Preferred age range 30-40.

Salary by negotiation is unlikely to be a problem for this key appointment which involves analysing the creditworthiness of banks, companies and countries and carries with it membership of the bank's credit and management committees.

Write in confidence, enclosing a curriculum vitae to me:—

Jack A. G. Wilson,
Managing Director,
Hungarian International Bank Ltd.,
95, Gresham Street,
London EC2V 7LU.

EXPERIENCED SETTLEMENTS CLERK

Age mid-twenties. Experience of Institutional Bank Settlements, Country Brokers, Private Nominee Accounts, etc. Salary to £5,000 plus bonus and fringe benefits.

EVANS EMPLOYMENT AGENCY LIMITED
01-628 0965, Mrs. P. Dudley

INVESTMENT ANALYST

INVESTMENT COMPANY seeks qualified Investment Analyst *aged 25-30 to investigate both quoted and unquoted situations.* Good in-depth company analysis and ability to write short, concise reports essential. Salary negotiable according to age and *experience, plus bonus and usual fringe benefits.*

Reply in strict confidence to Box A6427
Financial Times, 10 Cannon Street, EC4P 4BY

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

Currently we can offer over 300 merchant and international banking vacancies, including the following:—

SYNDICATE LENDING, HONG KONG......5-fig. salary
FINANCIAL ANALYSTS, MIDDLE EAST ....5-fig. salary
MARKETING OFFICER—TRADE FINANCE....c. £6,000
CREDIT ANALYSTS......................£5,500/£8,000
LOAN ADMINISTRATION....................to £5,000
CLEARING BANKER (Grade III Securities)....c. £4,000
A.C.A.—EUROPEAN AUDIT (London based)..........c. £6,000+exp.
INTERBANK/COMMERCIAL/L.A. BROKERS..£ negot.
F.X. SETTLEMENTS/POSITIONS (dealing prospects)..........c. £3,500
INVESTMENT ADMINISTRATION..........c. £4,000
SECURITIES/CONTRACTS..........c. £4,000
COMPUTER PROGRAMMER (RPG2)........to £6,500

For further details, please contact:
NORMA GIVEN or KEN ANDERSON (Directors)

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Financial Management

A rare chance to invest your business flair.

Leicestershire - up to £13,000.

With a turnover in excess of £200m and subsidiaries of international repute, SP Industries is one of Europe's fastest growing specialist engineering groups.

Business interests are diverse, and objectives well delegated. With an unparalleled growth rate the company is already a major force in the construction equipment, commercial refrigeration, and mechanical handling industries, and further expansion (organic and by acquisition) is planned.

As the company's Controller, you will report to the Finance Director, and provide a major influence in the formulation of business strategy, including the assessment of acquisition prospects and new business opportunities. Supported by a small team of professionals you will also be responsible for the co-ordination of group reviews, consolidation and monitoring of subsidiary company plans and performance reporting, to ensure the achievement of optimum profitability.

The man or woman we seek will almost certainly be holding a senior position in a manufacturing profit centre with demonstrated experience and skill, not only in the interpretation of company performance appraisals, but also in the formulation and implementation of the future business plans. A 'pure accountant' would therefore be inappropriate, as the successful candidate will require not only sound qualifications (degree plus ACA/ACMA) but also broad-based commercial experience. An MBA would be ideal.

The benefits package includes a salary negotiable to £13,000, a Rover 3.5, 'top hat' pension, B.U.P.A. and generous relocation expenses.

If you are attracted by this opportunity and the potential of further advancement into a general management role then write, giving full career and salary details to A. R. Chapman, Management Resourcing Co-ordinator, who is advising on this appointment. **Sysonby Lodge, Nottingham Road, Melton Mowbray, Leics. LE13 0PA. Telephone: Melton Mowbray (0664) 4166.**

SP Industries Limited

FINANCIAL CONTROLLER

£11,000 neg.

FRANCE

You will have responsibility for Finance, Administration and Secretarial services for the rapidly expanding operations in France of a major U.S. Multinational Corporation.

You will be under age 35, qualified, and have experience of International / European operations.

For an initial exchange of information contact Robert Miles on 01-248 6321.

Personnel Resources Limited
Recruitment Consultants

HERIOT-WATT UNIVERSITY

Department of Accountancy and Finance

LECTURESHIPS

£3660—£7308

Applications are invited for a post of Lecturer specialising in one of the following areas: Accounting Theory, Financial Accounting, Managerial Accounting, Business, Finance, Accounting in the Public Sector.

Further particulars are available from
The Staff Officer
HERIOT-WATT UNIVERSITY
Chambers Street, Edinburgh
to whom completed application forms should be sent

CJ RECRUITMENT ADVERTISING
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

COMPANY SECRETARY'S DEPARTMENT

HONG KONG — **GENEROUS SALARY, LOW TAX**

The Company Secretary's Department of Jardine, Matheson & Co., Limited in Hong Kong acts as Secretary for over 350 companies. A young executive is required as an assistant in this important department. This appointment offers a permanent career in the Far East. A.C.I.S. qualification and/or relevant experience is desirable but candidates who have not completed their A.C.I.S. final examinations will be considered. In addition to a generous salary in a low tax area (15% maximum at present), the successful applicant will receive subsidised housing and other fringe benefits. Applications, which should contain full particulars, should be addressed to:

D. N. MACDONALD, MATHESON & CO., LIMITED, 142 MINORIES, LONDON, EC3N 1QL

International Investment Banking

New Business Development Executive

An opportunity to join a rapidly growing new business group, to solicit, negotiate and transact mandates in the following areas:

* Currency exchanges and parallel loans – where we are one of the market leaders.
* International Securities/Fund Raising – to complement our established team of professional market makers and develop our new issue business.
* Corporate Financial Counselling – primarily to service major corporate clients of Continental Bank.

Some international travel will be involved.

Candidates, male or female, may be Graduates, Bankers, Lawyers or Chartered Accountants with at least 5 years' relevant Merchant/Investment banking experience or have an MBA with 3 years' relevant Corporate Finance background.

We offer a competitive five-figure salary and a generous benefits package.

Please write, in strict confidence, giving details of experience and salary history, to:

Thomas J. Calo,
Personnel Representative—Europe,
Continental Bank House,
162 Queen Victoria Street, London EC4V 4BS.

CONTINENTAL ILLINOIS LIMITED
subsidiary of Continental Illinois Corporation.

Director & General Manager

Foundry — £14,000 p.a.

This Board appointment is for total responsibility for an autonomous foundry complex within a major Public Group.

Turnover is in excess of £6 million and there has been a history of profitability whilst the Board has given considerable financial capital support.

It is essential to have had several years in a senior executive appointment preferably in a successful iron foundry company.

Salary is negotiable around £14,000 p.a. plus car.

The above appointment is open to male and female applicants.

Please apply in confidence for application form to: D. G. de Belder, Knight Wegenstein Ltd., 75 Mosley Street, Manchester M2 3HR, tel. 061-236 0987, quoting ref. no. 68154.

Knight Wegenstein Limited
Executive Recruitment Consultants
Management Consultants and Consulting Engineers
London · Manchester · Zurich · Dusseldorf · Madrid
Paris · Stockholm · Vienna · Chicago
Foundry Appointments—International

Investment Assistant

Provident Mutual is [illegible] expanding mutual life office [illegible] in excess of £300m and an annual [illegible]

An opportunity has arisen for a person aged about 23-26 to join our investment team in London.

The job involves supporting the Assistant [illegible] assessment of fixed interest [illegible] offers and providing a variety of investment statistics.

Applicants either should have made [illegible] examinations and have [illegible] should have a good economics degree and [illegible] investment experience.

A starting salary of at least £4,500 per annum [illegible] substantial fringe benefits [illegible] non-contributory superannuation scheme and later generous house purchase scheme.

Please apply giving age and details of education and experience to:

Mr. [illegible] Young, Personnel Manager,
Provident Mutual Life Assurance Association,
25-31 Moorgate, London EC2R 6BA.
Telephone No: 01-628 3232.

PROVIDENT MUTUAL
LIFE ASSURANCE ASSOCIATION · FOUNDED 1840

ECONOMISTS/STATISTICIANS

up to £7,500 p.a.

Barclays Bank has vacancies for Economists/Statisticians in an established team which makes an important contribution to the financial management of Barclays UK business. Based in the City, the team provides advice to senior management on both policy problems, and day-to-day decision making. It is closely involved in the control of the Bank's balance sheet, and in money market operations.

Specific responsibilities are to report on developments in the UK economy, particularly the financial sector, and to produce detailed forecasts of the markets for bank deposits and lending. There is a strong emphasis on econometric methods and computer models, and the ability to communicate results to non-specialists, and develop practical solutions to management problems is essential. There is considerable scope for initiative and innovation.

We have immediate vacancies for people, probably aged under 28, with experience in providing economic advice or forecasting, preferably in the financial sector. Some knowledge of computer applications would be an advantage. Successful applicants will probably have a degree in economics or statistics, and possibly a post graduate qualification, although the degree subject is not so important as relevant experience.

The starting salary will be up to £7,500 p.a. (including London Allowance), depending on qualifications and experience, and there is scope for further promotion within the section. Other benefits include a non-contributory pension and profit sharing schemes.

All applications will be treated in strictest confidence. Please write for an application form to:

C F Badcock Esq.,
Manager (Graduate Recruitment),
Barclays Bank Limited,
Staff Department,
54 Lombard Street,
London EC3P 3AH

BARCLAYS

TREASURY ACCOUNTANT

CITY — to £12,000 + Car

The Company	A large quoted International U.K. group with substantial overseas investments.
The Job	Monitoring and forecasting group cash resources. Appraising group banking facilities, requirements and collateral. Provision of advice on funding and initiation of improvements to the group cash reporting systems.
The Candidate	A qualified accountant aged 28-35 with relevant cash management experience, ambition, personality and commercial awareness.

Applications in strict confidence to: E. S. Moore.

Reginald Welsh & Partners Limited.
Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

ASSISTANT FOR U.K. REPRESENTATIVE

London based+car — Salary negotiable

We are a major French group dealing in forwarding, shipping and land transportation world wide.

The position offered covers more specifically our automotive activities between the Continent and U.K. as well as within the U.K.

We are looking for a first class 25 to 35-year-old candidate with knowledge and experience of the automobile industry, preferably within the fields of distribution, storage and shipping.

Must be willing to travel extensively in the United Kingdom and overseas and have good knowledge of French (additional languages would be an asset).

Please send full particulars to:

A. T. A. WALON S.A.,
Airwork House, 35 Piccadilly,
London, W.1.
Tel: 01-734 7282 (Ext. 23).

Guinness Mahon & Co. Ltd.

PORTFOLIO MANAGER

We are seeking an experienced Portfolio Manager for a number of substantial private customer portfolios.

Applicants must have had wide investment experience in this field and will be required to contribute to the formulation of investment policy and stock selection.

Remuneration with the usual fringe benefits will be subject to age and experience.

Please send curriculum vitae with application in strict confidence to:—

Sir David Hill-Wood,
32 St. Mary-at-Hill,
London EC3R 8DH.
Tel: 01-236 9333.

EXECUTIVES

Over £10,000

If you are in the job market now, we are here to help.
Our clients don't wait for that magic advertisement to appear — with the aid of experienced counselling and the use of our promotional services they get there first.

Invest in your own future.

Percy COUTTS & Co.
01-839 2271
140 Grand Buildings, Trafalgar Square, London WC2.
Not an agency but Europe's most experienced job search organisation.

FINANCIAL CONTROLLER

BAHRAIN

c. £18,000 — tax free

International shipping & transport group require a qualified Financial Controller to administer the Group's Middle East subsidiaries.

Ideal applicant will be under 40 and have a good knowledge of Italian. Free housing, car, etc.

Replies in confidence Ref C.J.L.,
Christopher Little Consultants Ltd.,
49, Queen Victoria Street,
London EC4N 4SA.
01-236 5881. Telex 883968 HEADS

BULLION DEALER

A major multinational company invites applications from experienced dealers who wish to be considered for appointment to its precious metal department.

Salary is negotiable and will reflect the importance of this appointment.

Please write in confidence to Box A.6428, Financial Times, 10, Cannon Street, EC4P 4BY.

ROYAL NATIONAL INSTITUTE FOR THE BLIND

Chief Accountant

Our Chief Accountant is retiring and we invite applications from professionally qualified financial accountants (male or female), preferably aged 30-45, with some years of professional, commercial or charitable experience, for this very *important post.*

A practical knowledge of modern accounting methods and techniques together with the capacity for leadership and control of a staff of 24 is essential. Salary negotiable with excellent future prospects. Good pension scheme with transferability.

Applications, marked "Private and Confidential—Chief Accountant" should give full curriculum vitae together with details of present post and salary, and be sent to: The Finance Secretary, RNIB, 224 Great Portland Street, London, W1N 6AA. Closing date 8th September 1978.

Candidates placed on short list for interview will be advised by the end of that month.

WANTED

THE OUTDOOR LIFE

Active 45-year-old ex-army officer with love of outdoor pursuits (sailing, fishing, ornithology, etc.) allied to widely varied managerial experience would like to hear from anyone who could offer an interesting position. Willing to discuss any worthwhile proposition.

Replies please to Box A.6430, Financial Times, 10, Cannon Street, EC4P 4BY.

Investment Analyst

Overseas Trading Companies

A leading, medium-sized firm of City Stockbrokers requires an Analyst to advise clients on investment in overseas trading companies. Clients range from the major institutional investors to private individuals.

The job calls for an expert Investment Analyst, preferably aged over 30, with experience of analysis of the overseas trading sector. Ideally candidates will have a stockbroking background or will have worked in the finance or corporate planning sector of a major overseas trading organisation.

The firm will also consider high calibre Analysts from closely related sectors who wish to extend their experience.

Negotiating an acceptable salary will not be a problem for suitably qualified candidates.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Dr. I. Bowers quoting reference 723/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

QUALIFIED ACCOUNTANT

LONDON

An expanding and profitable trading company, part of an international group dealing in chemicals, requires a qualified and experienced accountant in mid or late thirties.

The person appointed will report to the general manager and will take responsibility for the preparation of monthly and annual financial accounts, the day-to-day control of the financial and cost functions and have the ability to communicate and integrate in a small team. Conversational Spanish or French is essential.

The salary and conditions of employment are commensurate with the responsibility of this position and prospects of promotion are excellent.

Please apply in writing, giving full career details, to:—
IC/RDL.
35 Woodford Avenue, Gants Hill,
Ilford, Essex.

FARMING AND RAW MATERIALS

EEC sets sugar export rate

By Our Commodities Staff

THE EEC Commission yesterday authorised sales of 31,250 tonnes of white sugar at its first weekly export tender for the 1978-79 season. The sugar cannot, however, be exported until mid-September.

Maximum export rebate given was raised to 26.505 units of account per 100 kilos following the recent fall in world market values. At the last export tender for sugar from the 1977-78 crop two weeks ago, sales of 25,800 tonnes were authorised with a maximum rebate of 26.493 units.

News that the U.S. had imposed a countervailing levy of 10.8 cents a pound on imports of subsidised EEC sugar had no effect on the tender, since the quantity involved is only a special shipment of 50,000 tonnes made earlier this year, a small amount out of the 3.5m tonnes exported by the EEC last season.

There was little or no reaction on the world sugar market to the U.S. move or the EEC tender result. Values were steadier in quiet trading, but this was thought to reflect mainly a reaction to the recent sharp falls.

Wool supply drop forecast

PRETORIA, July 26.

A DROP of 3.5 per cent in world-wide supply of wool in the 1978/79 season is expected in spite of a slight revival in demand, South African Wool Board chairman Gideon Joubert said here.

Addressing the National Congress of the National Wool Growers Association, Mr. Joubert said in those circumstances wool producing countries can maintain higher price levels in the coming season by means of supply control of their stabilisation stocks.

He said synthetic fibre manufacturers still have over-capacity and sustained heavy losses as a result of under-utilisation.

International textile industries are now aware of the advantage of stable wool prices and these have brought about a change in their attitude towards wool. Reuter.

INDIAN SILVER EXPORTS

NEW DELHI, July 26.

THE INDIAN State Trading Corporation exported 275 tonnes of silver in April-June, 1978, earning Rs 400m (£26m).

The corporation has a target of 1,000 tonnes this year compared with 688 tonnes exported in 1977.
Reuter

Coffee rallies strongly after £50 a tonne fall

BY RICHARD MOONEY

COFFEE FUTURES prices staged a sharp rally on the London market yesterday afternoon with the nearby positions gaining nearly £140 a tonne.

September delivery coffee fell by about £50 a tonne soon after the opening, influenced by news that the Mexican Coffee Institute had reduced its minimum export price from $126 to $110 per 100 lb. The move, which reflected a similar fall in market prices from 121 cents a lb late last week to about 109 cents a lb, depressed the New York market overnight and this decline was transmitted to the London market.

As prices approached the psychologically important £1,000 a tonne level, however, speculators who had sold the market "short" started to become nervous. And this nervousness was quickly translated into positive action as the afternoon session began with widespread covering of previous sales and stop-loss buying reversing the "bearish" market trend.

The upturn quickly developed into a major rise and by the close September coffee was quoted at £1,183.5 a tonne, £91.5 above Tuesday's close and £138.5 higher than the low reached in the morning.

The late rise was encouraged by the strength of the dollar against sterling which followed the announcement of unexpectedly good U.S. trade figures.

Another factor which may have encouraged a stronger tone in the coffee market was further consideration of an overnight announcement that Sr Baltasar Ferreiro, president of the Salvadorean Coffee Growers' Association, had urged producers to withdraw from the international market prices.

Speaking in San Salvador, Sr. Ferreiro said it ought to be possible to make contacts with other exporters, such as Brazil, Mexico, Colombia and the Ivory Coast, to arrange a co-ordinated withdrawal from the market. The statement was evidently made before Mexico's decision to lower its export price.

'Bumper' Chinese harvest

BY COLINA MacDOUGALL

CHINA'S SUMMER harvest has been a success in spite of serious drought, the People's Daily claimed yesterday. Calling it a "bumper" harvest, however, it said that purchasing targets had been exceeded and rations for commune members increased.

While this is encouraging news for the Chinese, it is less significant than it might appear since the summer grain harvest is only a small proportion of the year's total. Summer grains include winter-sown wheat, barley, peas and beans, but not the important early rice crop.

Although the Chinese seldom publish hard figures for crop totals, this year two official statements indirectly reveal the summer grain figure to be 55m tonnes. The New China News Agency said recently in two separate news items, first, that the harvest was up by 5m tonnes, and, second, that the increase over last year's figure was 10 per cent.

That figure indicates that the summer harvest probably forms less than a fifth of an average year's total. The estimated whole-year figure for each of the last two years was about 280m tonnes. Not until this year's vitally important rice crops, the spring-sown wheat and the coarse grains such as millet are gathered in will it be possible to assess the true degree of progress over 1977.

Last year's summer harvest was hit by a severe drought, so the claimed increase partly represents a return to a more normal size of crop. The wording of the People's Daily report suggests little more than that, since the Chinese describe most harvests as "bumper," while exceeding purchasing targets may mean only that these were set rather low.

However, it is clear that disaster has so far been averted. Further foreign grain purchases for the current year seem unlikely since already over 8m tonnes are due for delivery during 1978.

Potato plantings cut by 8%

BY JOHN EDWARDS, COMMODITIES EDITOR

BRITAIN'S POTATO growers have cut back plantings this year by 8 per cent to 183,400 hectares, 16,000 hectares less than in 1977, the Potato Marketing Board said yesterday. But the plantings are still well in excess of the target of 172,000 hectares recommended by the Government after last year's big surplus production, which cost the taxpayer an estimated £17m to provide a guaranteed minimum price to growers.

Last year the Government set a plantings target of 185,000 hectares, but producers exceeded that by 14,000 hectares and produced a total crop of nearly 6.2m tonnes excluding output by unregistered producers.

In an effort to stop prices collapsing in the face of a big surplus of supplies over poor demand, the board bought up 550,000 tonnes of main-crop potatoes and eventually had to "rot down" 190,000 tonnes of these. The remainder were sold as stockfeed (140,000); at low prices to processors (80,000) and return to the trade (140,000). The net cost of this support buying operation was around £14.5m, of which the board contributed nearly £5m out of funds provided by the levy on producers.

The Government paid the rest. It will also have to pay a "deficiency payment" to growers in Britain and Northern Ireland since the average market price after August 1 fell short of the guaranteed minimum price for growers of £46.77p a tonne by around £3 a tonne. Final figures have yet to be calculated but the additional amount to be paid by the Government will be between £9m to £10.5m.

Very favourable growing conditions this year suggest the yield from the crop might even exceed the high figure of 12 tonnes an acre achieved from the 1977 plantings. But it can be expected that demand will be stimulated by the lower prices. At the same time the guaranteed minimum price to growers has been cut by 4 per cent to £43.94p a tonne to take account of the steep fall in the cost of seed potatoes compared with the previous season.

New U.S. move on tin sales

By Our Commodities Editor

ANOTHER step towards the release of surplus tin from the U.S. strategic stockpile was taken yesterday. The House rules committee cleared for floor debate a Bill to authorise the use of 5,000 long tons of stockpile tin as the U.S. contribution to the buffer stock of the International Tin Council.

The Bill would also approve the release of another 30,000 long tons of stockpile tin for sale. However, further measures, including the possible authorisation of purchases of copper for the stockpile, are expected to be "attached" when the Bill is debated on the floor.

This means that the Bill may still have a long way to go before it is finally approved by the Senate and House of Representatives, if additions are attached which are unacceptable to the Administration.

Tin values closed higher on the London Metal Exchange yesterday, reflecting a tightening supply which forced the cash price up by £112.5 to £6,547.5 a tonne. But the market eased in after-hours trading. The three-month quotation, which closed £72.5 up at £6,437.5, was trading after hours as low as £6,350.

In the copper market, one of the small Chilean producers, Compania Minera Disputada de las Condes, yesterday declared force majeure on shipments of concentrates from its Los Bronces mine at Disputada because an avalanche damaged the concentrator there. Some 8,000 tonnes of concentrates are shipped each year.

At the same time shipments of blister copper from the company's Shagres smelter, which normally produces about 28,000 tonnes annually, are also to be cut, probably by about 50 per cent.

Turkey lifts cotton price

By Our Own Correspondent

ANKARA, July 26.

THE TURKISH Government has announced minimum domestic purchase prices for four important agricultural commodities including cotton of which Turkey is a prominent producer.

The minimum prices for Aegean and Antalya cotton have been fixed at 55 cents a kilo and Adana at 53 cents. The first two categories are 27.9 per cent higher than the previous year's minimum prices and the latter 29.2, according to a Government statement issued here.

DAIRY MARKET

Why cheese prices must rise

BY CHRISTOPHER PARKES

THE BELEAGUERED English cheese industry will be putting up its list prices by about £60 a tonne at the start of next month and more and bigger price increases later in the year seem inevitable, dairy trade sources said yesterday.

Retail prices will also rise sharply after a long period of stability as pipeline stocks of cheap cheddar held by merchants, wholesalers and retailers dry up bringing an end to the heavy price cutting among the retail chains.

The Dairy Trades Federation said yesterday that further pressure on prices was coming from the Milk Marketing Board which was demanding a substantial increase in the price cheese makers pay for their milk.

Pricing practices of the UK milk boards have come under close scrutiny in the EEC Commission lately, and there are moves afoot in the dairy management committee in Brussels to ensure that British dairy manufacturers pay the equivalent of the intervention price for their raw materials.

There is considerable sympathy in Brussels for charges that heavy premiums earned in the British liquid milk market effectively subsidise the milk used for manufacturing.

Critics of the U.K. price system say that this "subsidy" makes it difficult for them to compete in the British cheese market.

The difficulties of the UK cheese market started in 1974 when New Zealand diverted large tonnages of cheese from Britain to the U.S. British makers stepped up output and built new dairies and EEC producers followed suit.

For the past two years the market here has been plagued by surpluses. Last year, for example, imports of cheddar-type cheese were around 33,000 tonnes compared with around 21,000 tonnes in a "normal" year.

Since cheese keeps well, retailers stocked up with supplies bought at cut-throat prices, and many have been selling out of their own stockpiles for many months.

Mr. Roger Mathews, executive director of Express Creameries, one of the biggest cheese makers in the country, said he was concerned because the UK market for cheddar effectively stopped growing last year.

He felt that as trade stocks aged and lost quality, consumers were put off. Mr. Roger Metcalf of the Dairy Trades Federation commented that the stronger the cheese the less people could eat.

Mr. Mathews expected better balance in the UK market this year. Home production was falling with cheese works operating at around 55 per cent of capacity. He also expected exports to rise to around 12,000 tonnes compared with 4,000 tonnes on average.

The Irish and other EEC makers were also holding back from the UK market because prices were not high enough for them.

Price increases were essential, he added, because at present cheese makers were making a profit between nil and 5 per cent at the most.

He thought the last of the pipeline stocks would be cleared by the end of the year and the industry could start 1979 "with a clean slate".

At present, makers are still cutting prices in their attempts to keep stock moving. The current list price for cheddar is around £1,170 a tonne, but most buyers can obtain supplies for £1,050 to £1,080. Two months ago the most makers could hope for was £1,000 a tonne.

Sharp fall in sheep prices

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE CLOSING of the French sheep market to UK imports on Tuesday has been followed by a substantial fall in market prices. The price of sheep marketed on Tuesday fell by 8.7p a kilo on the previous week, according to the Meat and Livestock Commission. One trader said he had already reduced the buying price for export quality lamb substantially over the last three days.

Trade sources, however, do not attribute this sudden market fall to the closure. It is believed that there have been few English lambs on the Paris market at Rungis over the last few weeks. Exports have been sold to French provincial centres and particularly to Belgium and Germany, from where they can be re-exported to France quite legally and without the levy.

Irish exports, which enter France levy-free, have been buoyant. But in spite of strong rumours to the contrary there is no evidence that some of these Irish lambs are in fact smuggled in from the UK mainland.

The most significant item is that the UK lamb trade this year has been at a very high price, about 20p a kilo above that of last year. This is partly due to the export market but more particularly to the fact that fewer lambs than normal have been offered for sale.

Until the last two weeks, slaughterings have been about 15-20,000 fewer than in similar weeks last year and this must be the principal cause of higher prices. It is only recently that the slaughter numbers have risen to normal levels and this has coincided with the fall in prices.

Such a seasonal fall occurs every year. The fact that it has coincided this year with the closing of the French market is probably because the cool, sunless summer has delayed the fattening of the lambs.

Indian iron ore export target

India has set an iron ore export target of 23.2m tonnes for 1978-79, Arif Baig, Minister of State for Commerce, told Parliament.

The Minerals and Metals Trading Corporation intend to export 13.2m tonnes, and private exporters in Goa 10m tonnes, he said.

The Minister said exports last year were 21.4m tonnes, 2.9m tonnes short of target because buyers built up large stocks following a recession in the world steel industry.

He added efforts to locate new markets are being made and said these efforts had "yielded some success." Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on the London Metal Exchange after an erratic day's trading. Following the rise in New York overnight, forward metal advanced from £731.5 to £737 before easing to £733.5 as the dollar strengthened after the U.S. trade figures. Then there was a rally to £739. Helping the firmness was the force majeure declaration of La Disputada, but Asarco's price rise had little effect. The close on the Kerb was £736. Turnover 17,250 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	715-.5	+8.5	715-6	+5
3 months	733.5-7	+8.75	735.5-7	+5
Settl'm'nt	715.5	+8.5	—	......
Cathodes				
Cash	711.5-2	+8.75	711-2	+4.75
3 months	732.5-3	+8.5	732.5-3	+4.5
Settl'm'nt	712	+8.5	—	......
U.S. Smt.	—	......	63-64	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £715.5, three months £733, 33.5, 36, 36.5. Cathodes, three months £733. Kerbs: Wirebars, three months £736.5, 37, 37.5, 37. Afternoon: Wirebars, cash £715.5, three months £739, 38, 37.5, 37, 37.5, 38, 37.5, 37, 36.5. Kerbs: Wirebars, three months £736, 36, 36.5, 36, 37.5, 36.

TIN—Gained ground although morning trading was quiet as forward metal advanced from £6,370 to £6,460 following steadiness in the East overnight and on bear covering with a technical tightness of nearby metal causing a widening of the backwardation. The stronger dollar fuelled a further rise to £6,440 but when news came through on the last minutes of the Kerb of further U.S. Congress moves on ITC contributions, there was a fall to a close of £6,400. Turnover 1,285 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6480-5	+65	6545 50	+112½
3 months	6410-20	+45	6450 60	+70
Settlem't	6485	+65	—	......
Standard				
Cash	6480-5	+65	6545 50	+112½
3 months	6395 400	+45	6435-40	+70
Settlem't	6485	+65	—	......
Straits E	$1695	+1	—	......
New York	—	......		......

Morning: Standard, cash £6,490, three months £6,390, 85, 90, 95, 90, 95, £6,400. Kerb: Standard, three month £6,390. Afternoon: Standard, cash £6,540, three months £6,410, 20, 35. Kerb: Standard, three months £6,440, 25.

LEAD—Steady with forward metal moving in a narrow range, holding between £315 and £321, helped by physical inquiry from the continent and the tightness of scrap supplies. The close on the Kerb was £319.75. Turnover 5,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
[illegible]				

ZINC—[illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

I.G. Index Limited 01-351 3466. Jan.-Mar. Rubber 59.3-60.0
29 Lamont Road, London, SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

SILVER

[illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
[illegible]				

RUBBER

[illegible]

GRAINS

LONDON FUTURES (GAFTA)—[illegible]

Business done—Wheat: Sept. 84.55-84.60, Nov. 87.50-87.35, Jan. 90.30-90.25, March 92.90-92.90, May 95.70-95.40. Sales: 49. Barley: Sept. 79.45-79.40, Nov. 82.25-82.25, Jan. 84.90-84.90, May 90.20-90.20. Sales: 25.

IMPORTED—Wheat—CWRS No. One 13½ per cent July and Aug. £91.75 Tilbury; U.S. Dark Northern Spring No. Two 14 per cent Aug. £78.00, Sept. £78.50, Oct. £80.00 transhipment East Coast sellers.

HGCA—Location ex-farm spot prices: Feed wheat—Hertford 85.00. Feed barley—Hertford 80.90.

The UK monetary coefficient for Monday, July 31, is expected to decrease to 1.343. On Tuesday August 1 it is expected to decrease further to 1.341.

COCOA

International Cocoa Organisation (U.S. cents per pound)—Daily price July 25, 146.50 (145.28). Indicator prices July 26 15-day average 142.16 (141.83); 22-day average 142.48 (142.03).

Heavy bean arrivals in Brazil kept prices on the defensive through the day, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No.5 Contr't			
July	1726.0-30.0	—16.5	1742.0-25.0
Sept	1737.0-38.0	—15.5	1757.0-35.0
Dec	1751.0-52.0	—4.5	1746.0-25.0
March	1710.0-11.0	—3.5	1722.0-05.0
May	1685.0-91.0	—7.5	1703.0-1690
July	1670.0-74.0	—10.5	1675.0-60.0
Sept	1652.0-65.0	......	1670.0

Sales: 3,437 (1,778) lots of 10 tonnes.

COFFEE

ICO Indicator prices for July 25 (U.S. cents per pound). Colombian Mild Arabicas 184 (same), unwashed Arabicas 139 (140), other mild Arabicas 114 (118), Robustas ICA 1976 116.50 (116.25), Robustas ICA 1968 116.75 (116.25). Daily average 115.28 (115.25).

ROBUSTAS: After trading down to new contract lows during the morning Robustas reversed sharply early this afternoon in good volume, Drexel Burnham Lambert reports. However, fresh dealer short selling inspired by a limit down NY C contract then eroded values by up to £80. And it [illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
[illegible]			

MEAT/VEGETABLES

SMITHFIELD—[illegible]

July 25. GB cattle 69.95p per kg. l.w. (−1.56). UK sheep 133.4p per kg. est. d.c.w. (−3.4). GB pigs 62.0p per kg. l.w. (−0.5). England and Wales: Cattle numbers up 27.4 per cent, average price 69.45p (−2.01); Sheep up 5.7 per cent, average 133.7p (−8.0); Pigs up 6.8 per cent, average 62.0p (−0.5). Scotland: Cattle down 6.8 per cent, average 71.44p (−0.17); Sheep down 19.1 per cent, average 129.7p (−1.8); Pigs down 23.8 per cent, average 63.9p (+2.2).

COVENT GARDEN (prices in sterling per package except where stated)—Imported produce: Oranges—S. African: Navels 4.00-5.10; Brazilian: 4.60-5.20; Californian: 6.00-6.30. Lemons—Italian: 100/120s new crop 4.80-5.00; Spain: trays 2.00-2.20, large boxes 4.80-5.50; S. African: 4.50-5.80. Grapefruit—S. African: 27/72 3.40-4.50; Jaffa: 40s 4.00. Mandarines—Brazilian: 4.20-4.80. Apples — French: Golden Delicious 20 lb 84s 4.30, 72s 4.00; W. Australian: Granny Smith 8.20-8.60; Tasmanian: Sturmer Pippins 9.30-9.80, Croftons 11.00, Democrats 11.00; S. African: Granny Smith 8.40, Golden Delicious 9.60-9.80; Chilean: Granny Smith 7.00-7.30; New Zealand: Sturmer Pippins 163 9.20, 175 9.30, Red Dougherty 11.00, Granny Smith 8.60-8.80; Italian: Rome Beauty per pound 0.20, Golden Delicious 0.15-.020. Pears—Victorian: 40 lb Josephines 10.00, Winter Nelis 9.00; per pound French: Dr. Guyot 28-lb box 4.50; Spanish: Limonera 0.18. Peaches—Italian: 14 trays 1.00-3.00; French: 1.40-3.00. Grapes—per pound Cypriot: Cardinal 0.20-0.25, Sultana 0.35; Spanish: Cardinal 2.00. Plums—Spanish: 5 kilos Santa Rosa 1.80-2.60, Burbanks 1.60-2.00; Italian: Florentias 20 lb 2.50, Golden per pound 0.15-0.18, Burbanks per pound 0.22-0.23. Apricots—Spanish: 5 kilos 3.00; Hungarian: 3.00. Bananas—Jamaican: per pound 0.13. Avocados—Kenya: Fuerte 14/24s 5.20; S. African: Fuerte 5.20. Capsicums—Dutch/French: per 5 kilos 2.00; Italian: 1.90. Cherries—Washington: per pound 0.90. Onions—Spanish: 2.50-3.20; Maltese: 2.50-2.70. Tomatoes—Dutch: 2.00; Guernsey: 2.00; Jersey: 1.70. Melons—Spanish: Yellow 9/12s 2.50-2.80; Canary: 6/10s 2.20-2.40. Watermelons—Spanish: 2.60; Greek: 2.00-3.20. Sweetcorn—Spanish: per box 22 x 2 3.00.

English produce: Potatoes—per 56 lb [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port, prices for July 24: Daily 6.87 (6.19); 15-day average 6.30 (6.44).

WOOL FUTURES

LONDON—There was no particular feature in the market, reports Bache Halsey Stuart.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
July	228.0-40.0	+2.0	—
October	235.0-42.0	......	—
December	245.0-48.0	+1.0	—
March	240.0-48.0	......	—
May	240.0-47.0	+0.5	—
July	240.0-50.0	+2.0	—
October	247.0-56.0	+1.0	—
December	248.0-55.0	+2.0	—

Sales: Nil (nil) lots of 1,500 kg.

SYDNEY GREASY—(In order buyer, seller, business, sales). Micron Contract: Oct. 344.5, 345.5, untraded; Dec. 353.0, 355.9, 353.5-352.7, 6; March 359.5, 359.0, 359.0-358.5, 10; May 361.5, 363.0, 362.0-361.5, 10; July 366.9, 367.0, 366.9-366.5, 6; Oct. 371.0, 371.1, 371.5-370.5, 29; Dec. 372.5, 373.0, 373.0-372.5, 6. Total sales: 86.

NEW ZEALAND CROSSBREDS—Dec. 180.0-82.0, March 184.0-85.0, May 185.0-87.0, July 187.0-89.0, Oct. 189.0-92.0, Dec. 189.0-91.0. Sales: Nil.

★

HIDES—London. Firm 31-35½ kg per kilogramme, 26-30½ kg 68.6p, 22-25 kg 71.7p. Light cows 71.7p per kilogramme. No calf offered.

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shell cod £3.50-£4.20, codlings £2.20-£3.00; medium haddock £3.60-£4.20, small £2.80-£3.00; large plaice £4.90-£5.60, medium £4.90-£5.50, best small £3.50-£4.50; skinned dogfish (large) £9.00, medium £5.50; lemon soles £6.00 (large), medium £5.00; rockfish £1.60-£2.40; reds £1.50-£2.00.

Leasing deal saves docks

FOUR OF the drydocks at Hull owned by the British Transport Docks Board are to be leased to Brigham and Cowan (Hull) from July 31 on a long-term basis.

The drydocks have been under threat of closure for some time.

Involved are the two drydocks in King George V Dock and the two drydocks in Queen Alexandra Dock.

Until now, Brigham and other users of the docks have had to hire drydock space from the docks board on a ship-by-ship basis and thus have not always been able to give owners the guarantees of drydock availability that they require.

GLC grant for abbey work

A CHEQUE for £125,000 towards the restoration of the stonework of Westminster Abbey has been presented by Mr. Horace Cutler, leader of the Greater London Council, to Sir John Davis, chairman of the Abbey's trust fund-raising committee.

The money is the first half of a £250,000 GLC grant.

New receiver

Mr. Alan Maxwell Chester has been appointed assistant official receiver for the bankruptcy districts of the county courts of Grimsby, Kingston-upon-Hull, Scarborough, Scunthorpe and York.

PRICE CHANGES

Price per tonne unless otherwise stated
* Nominal. † New crop. ‡ Unquoted.

	July 26 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cif)	$1,040-55	......	$1030-40
Copper cash W. Bar	£715.5	+5.0	£679.75
3 months do. do.	£736.75	+5.0	£717.5
Cash Cathode	£711.5	+4.75	£692.5
3 months do. do.	£732.75	+4.5	£712.5
Gold Troy oz.	$194.375	......	$185.375
Lead Cash	£311.75	+2.875	£307.25
3 months	£320.875	+3.5	£316.875
Nickel	£2,566	......	£2,566
Free Market (cif)(lb)	$1.70	......	$1.85
	1.85	—0.02	1.95
Platinum troy oz.	£138	......	£133
Free Market	£133.05	+1.8	£132.4
Quicksilver (76lb.)	$125.30	......	$126/30
Silver troy oz.	285.95p	+2.65	289.8p
3 months	293.35p	+2.55	297.4p
Tin Cash	£6,547.5	+112.5	£6,715
3 months	£6,437.5	+72.5	£6,587.5
Tungsten (f)	$140.37	......	—
Wolfram 22.04lb (cif)	$130-36	......	$132/38
Zinc cash	£31.25	+0.875	£300.75
3 months	£320.25	+0.875	£310.75
Producers	$650 nw	......	$650-600
Oils			
Coconut (Phil)	$650p	—10.0	$670
Groundnut	£648	......	£704
Linseed Crude (r)	£354	—5.0	£362
Palm Malayan	$546p	—10.0	$535
Seeds			
Copra Phillip	$430y	—20.0	$480
Soyabean (U.S.)	$257A	—2.0	$279.4
Grains			
Barley EEC			
Home Futures	£82.25	+0.10	£82.05
Maize			
French No. 3 Am	£102	......	£103.5
Wheat			
No. 1 Red Spring	£91.75	......	£93.5
No. 2 Hard Winter		......	
English Milling	£91.25	......	£105
Cocoa Shipment	£1,803	—51.0	£1,904
Future Sept.	£1,737.5	—15.5	£1,816.5
Coffee Future			
Sept.	£1,183.5	+91.5	£1,506
Cotton 'A' Index	70.3	+0.2	71.55c
Rubber kilo	54.25	+1.5	56.25p
Sugar (Raw)	£81	......	£96
Woolstops 64s kilo	283	......	283p

k August. m June-August. n July-Sept. p July-Aug. q Sept. v August-Sept. r Per ton. z Indicator price cif, per 10 kilos.

INDICES

FINANCIAL TIMES

July 26	July 25	Month ago	Year ago
254.64	252.45	247.17	242.49

(Base: July 1, 1952=100)

REUTER'S

July 26	July 25	Month ago	Year ago
1412.7	1411.1	1488.5	1522.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 26	July 25	Month ago	Year ago
Spot	351.05	349.29	359.14	361.69
Futures	336.65	338.61	345.73	337.69

(Average 1924-25-26=100)

MOODY'S

Moody's	July 26	July 25	Month ago	Year ago
Spie Commty	912.0	907.6	915.7	855.8

(December 31, 1931=100)

★

COTTON

LIVERPOOL COTTON. No spot or shipment sales were recorded, leaving the total for the week so far at 234 tonnes, W. F. Tattersalls reported. Little forward interest was shown and actual supplies moved off slowly pending new crop arrivals. Occasional interest was shown in some South American and African qualities.

U.S. Markets

Precious metals easier

NEW YORK, July 26.

PRECIOUS metals eased on speculative liquidation after a smaller than expected U.S. balance of trade deficit. Coffee finished limit up on Commission House and trade buying following uncertainty in Brazilian weather. Sugar rallied on renewed industrial price fixing while cocoa recorded small declines on trade arbitrage selling following weaker sterling.

Cocoa—Sept. 147.80 (148.25), Dec. 143.00 (143.35), March 139.25, May 136.85, July 134.50, Sept. 132.75, Dec. 130.85. Sales: 593 lots.

Coffee—"C" Contract: Sept. 117.00-117.25 (109.00), Dec. 106.00 (102.00), March 101.75, May 99.50, July 98.37, Sept. 97.93, Dec. 97.00. Sales: 790 lots.

Copper—July 62.25 (62.25), Aug. 62.55 (62.40), Sept. 63.00, Dec. 64.50, Jan. 65.40, March 66.50, May 67.55, July 68.60, Sept. 69.60, Dec. 71.15, Jan. 71.70, March 72.75, May 73.75. Sales: 4,000 lots.

Cotton—No. 2: Oct. 59.90-59.95 (59.45), Dec. 61.50-61.65 (61.41), March 63.45, May 64.35-64.45, July 65.40-65.50, Oct. 64.40-65.00, Dec. 64.90-65.00. Sales: 1,950 lots.

*Gold—July 194.80 (195.20), Aug. 195.00 (195.50), Sept. 196.60, Oct. 198.10, Dec. 201.20, Feb. 204.40, April 207.70, June 211.00, Aug. 214.40, Oct. 217.80, Dec. 221.20, Feb. 224.60, April 228.00. Sales: 14,000 lots.

†Lard—Chicago loose unavailable (22.50). NY prime steam 23.75.

‡Maize—Sept. 230-230½ (227½), Dec. 236½-236¾ (233½), March 243-243½, May 250¼, July 252-253, Sept. 254½.

§Platinum—Oct. 256.30-256.60 (257.70), Jan. 260.70 (261.70), April 264.50-264.70, July 268.50-268.70, Oct. 272.50-268.70, Jan. 276.60-268.60. Sales: 946 lots.

*Silver—July 546.20 (550.00), Aug. 546.20 (551.60), Sept. 550.70, Dec. 562.90, Jan. 567.00, March 575.40, May 584.10, July 593.00, Sept. 602.00, Dec. 615.70, Jan. 620.30, March 629.70, May 639.20. Sales: 13,000 lots. Handy and Harman spot bullion 547.20 (552.50).

Soyabeans—Aug. 620-621 (625), Sept. 612-613 (605), Nov. 601-602, Jan. 609-609½, March 616-617, May 620-621, July 624, Aug. 622.

‖Soyabean Meal—Aug. 164.70-164.50 (163.80), Sept. 163.60-163.70 (162.90), Oct. 162.60-162.50, Dec. 163.00-162.50, Jan. 164.00, March 166.50, May 167.50, July 169.00-169.50.

Soyabean Oil—Aug. 22.65-22.70 (23.37), Sept. 22.05-22.10 (22.70), Oct. 22.40, Dec. 21.80-21.85, Jan. 21.50-21.55, March 21.50, May 21.75, July 21.75, Aug. 21.50.

Sugar—No. 11: Sept. 6.04-6.05 (6.05), Oct. 6.15-6.17 (6.16), Jan. 6.25-6.35, March 6.65-6.66, May 6.75-6.79, July 6.94-6.95, Sept. 7.09, Oct. 7.21. Sales: 2,675 lots.

Tin—560-572 nom. (560-568 nom.).

**Wheat—Sept. 314-315½ (311½), Dec. 318-315½ (315½), March 318½-318½, May 316-315½, July 308.

WINNIPEG, July 26. ‡‡Rye—July 94.50 (94.40 bid), Oct. 95.20 bid (94.50 bid), Nov. 95.90 nom., Dec. 94.00 asked, May 97.50 bid.

§§Oats—July 70.20 bid (70.20 bid), Oct. 71.00 asked (70.70), Dec. 71.10 asked, March 70.90 asked, May 70.70.

‡‡Barley—July 71.50 bid (72.40 bid), Oct. 71.50-71.70 (71.80-71.90), Dec. 72.50 bid, March 72.00 asked, May 72.00 asked.

§§Flaxseed—July 227.30 bid (228.70 bid), Oct. 228.50 (228.70 bid), Nov. 228.30 asked, Dec. 226.70 asked, May 234.30 asked.

‡‡Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 161.56 (161.29).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ SC per tonne.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:
No. 00211 of 1978
ILBURY (CONTRACTORS) LIMITED
No. 00212 of 1978
HAMMERTON BUILDERS LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies [illegible]

No. 00233 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of L. G. PEARCE (HAULAGE) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of July 1978, presented to the said Court by FRANK G. GATES LIMITED whose registered office is situate at 92, High Road, E.18, in Greater London—a creditor, and that the said Petition is directed to be heard before the Court sitting at [illegible]

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JUDGE TRANSPORT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company [illegible] CHANNELPORTS FORWARDERS (PTC) LIMITED [illegible]

J. E. BARING & CO.,
74, Chancery Lane,
London WC2A 1AA.
Ref: JAR.
Solicitors for the Petitioners.

COMPANY NOTICES

CLUBS

STOCK EXCHANGE REPORT

Equities drift back awaiting outcome of dividend vote

Gilts also tend easier—E. Jones established 26p premium

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets took stock of their recent rise and eased only marginally in the first hour of business but became a little apprehensive ahead of today's vote on the dividend control Bill. The tone softened even further late following the TUC General Council's opposition to the *Government's proposed 5 per cent* limit on pay increases in Phase Four.

Institutional operators rarely displayed interest in either leading or good-class secondary stocks, thus an attempted midday rally faltered to leave closing *losses generally limited to fourpence.* Situation and speculative issues failed similarly to attract any worthwhile support, a move reflected in a reduction in the number of bargains marked, at 5,168.

Newcomer **Ernest Jones** *(Jewellers), however,* staged a highly satisfactory debut: oversubscribed some 83 times on *application,* the shares opened at 144p and, in relation to the size of the issues, traded actively between 146p and 140p before settling at 141p for a premium of 26p on the issue price of 115p. Trading announcements also boosted a few companies including *Ladbroke, up 8 at 165p* in response to the forecast of increased profits, and **Vosper,** *which rose 15 to 192p following* news of the sharply higher interim earnings and the encouraging statement on prospects.

The recent nine-day firmness in *British Funds* was arrested when profit-taking and other selling accompanied sterling's reaction in *foreign exchange markets.* Although modest in total, the business was enough to cause a slight lowering in quotations, usually by ¼ to ½. The near-short tap **Exchequer** 10 per cent 1983, activated by the authorities on Tuesday at 45¹⁄₁₆, eased fractionally *to 45; the final call of £30 on the* stock is due tomorrow.

Corporations registered little surprise with the oversubscription of the £25m **Camden** issues; the 12½ *per cent 1985 stock* is expected to command a premium of around ¾ when dealings begin *today, while the Variable rate 1983* is likely to start at ½ premium.

Investment currency was again sold heavily and the premium fell to 96 per cent before revived support *provoked* a brisk two-way trade and a rally to 97¼ per cent. This represented a fresh loss of over two points on the day and of over ten points in the past three trading days. Yesterday's SE conversion factor was 0.6586 (0.6788).

Yesterday saw a further contraction of business in Traded Options as interest in the equity market waned. The total number of contracts completed decreased *to 379 compared with the previous* day's 468 and the record 1,249 achieved just over a week ago. Nearly 40 per cent of yesterday's trade was transacted in two *stocks—Grand Met, 76, and ICI,* 75. A statement is expected soon as to which new stocks will join the existing ten.

Grindlays better

The major clearing banks *moved narrowly in thin trading* and closed easier for choice. In front of today's interim results, Barclays closed unaltered at 320p, while **Midland,** which conclude the interim dividend season tomorrow, cheapened 3 to 362p. **NatWest** ended a like amount lower at *270p following comment* on the uninspiring first-half figures and **Lloyds** also relinquished 3 to 260p. Elsewhere, **Grindlays** were notable for a *fresh* gain of 4 to a 1978 peak of 127p in response to comment on the sharply higher half-yearly *profits. Still awaiting the outcome* of the loan talks with the Norwegian Guarantee Institute, **Hambros** gave up 6 to 164p.

Insurances plotted an irregular course. An unsettled market of late following a Press revelation that Lloyd's of London is to *investigate* the company's involvement in events which led to a dispute between the Sasse *syndicate and a Brazilian* insurance group, **Brentnall Beard** picked up 2 to 34p.

Breweries closed marginally easier, while **Amalgamated Distilled Products** lost 2 to 35p despite the trading recovery.

Comment on the previous day's *interim* results left **Taylor Woodrow** 8 lower at 306p, while a lack of support left other Building descriptions easier for choice. **Blue Circle** shed 3 to 257p, while **Brown and Jackson** eased a similar amount to 151p as a little profit-taking developed following *the recent speculative rise.* Awaiting today's annual results, **Redland** eased a penny to 146p, but **HAT Group** found support and improved 1½ to 38½p.

Small selling left **ICI** 6 easier at 385p, but **Fisons** held steady at 365p. Dividend considerations lifted *Brent Chemical 3 to 185p* and **William Ransom** 12 to 232p, the latter in a thin market. **Carless Capel** improved 2 to 34p on speculative interest.

Up 85 the previous day following news of bid approaches, **Bourne and Hollingsworth** encountered profit-taking and shed 12 to 188p as the market awaited further news of the discussions. Elsewhere in Stores speculative support was still forthcoming for *other secondary issues such as* **Waring and Gillow,** which rose 4 more to 121p, and **Grant Bros.,** up 2 further to 92p. **S. Casket** put on 4 to 45p and **Wallis** improved 3 more to 200p, while *Albion* jumped 4 to 19p in response to the return to profitability in the first half year. Reflecting the sharp profits recovery, **Rosgill** *gained 1½ to 18p.*

In Electricals, **Philips' Lamp** closed 20 cheaper at 900p in sympathy with the decline of the dollar premium. **Laurence Scott** *shed 5 to 103p on disappointment* with the preliminary figures, but small buying in a thin market lifted **Farnell Electronics** 10 to 320p.

The previous day's pattern was repeated in Engineerings with secondary stocks providing the features. **M.L. Holdings** touched 153p on persistent speculative *support before closing 10 to the* good at 148p and **Stothert Pitt** continued to reflect recent property revaluation news with a fresh advance of 7 to 214p. **Porter Chadburn** gained 5 to 110p as did **Simon,** to 237p, while **Butterfield Harvey** added 4 at 71p. **Davy International,** however, shed 7 more to 255p following comment on the annual results which fell *nearly £2m short of market expectations.* **Howard Machinery** gave up 2 to 24p on further consideration of the reduced interim dividend and first-half profits. *Supported of late on the belief that* the group will be able to benefit from the Government's new dividend proposals, **John Brown** softened 4 to 416p.

Vosper featured Shipbuildings with a rise of 15 to 192p in response to the encouraging interim statement.

Awaiting today's preliminary *figures,* **Fitch Lovell** *became an* unsettled market and reacted 3 to 60p. Elsewhere in Foods, light profit-taking clipped 3 from **Bernard Matthews,** 164p, and **Bluebird Confectionery,** 80p. **Somportex,** however, edged forward 3 more to 73p on the *substantially improved earnings.* **Spillers** closed without alteration at 32½p following the annual general meeting.

Ladbroke continued firmly in Hotels and Caterers, rising 6 to 165p for a two-day gain of 10 in further response to the chairman's statement on the company's prospects; **Pension Funds Securities** *have exercised their option* on behalf of the ICI Pension Funds to subscribe for 2,156,158 ordinary shares at 98.6p per share. **Myddleton** rose 10 to 270p in a *restricted market, but* profit-taking following the results left **Wheeler's Restaurants** 5 cheaper at 355p.

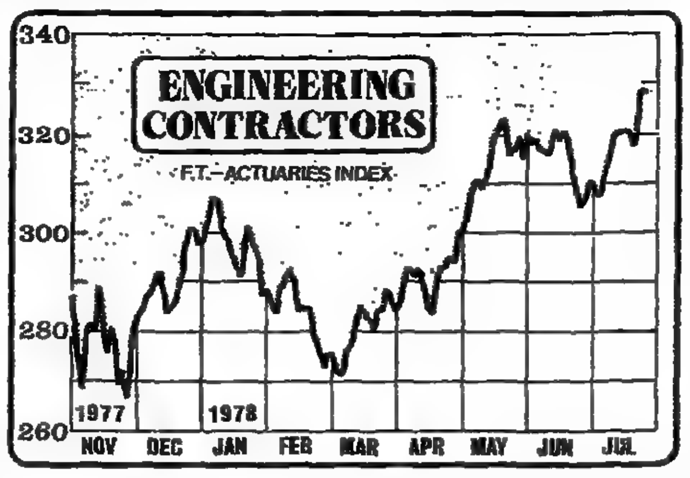
Miscellaneous Industrials marked time yesterday awaiting the outcome of today's vote on the *Government's dividend Bill.* Prices generally traded around overnight levels but, an easier inclination became apparent on the afternoon announcement of the TUC's strong opposition to the Government's proposed 5 per cent pay limit. **Glaxo** closed 4 lower at 385p and **Reckitt and Colman** ended 2 off at 488p. *Elsewhere,* reflecting the sharply higher annual profits and the return to the dividend list, **PMA** rose 5 to 42p, while **Centreway,** *15 higher at 280p, also benefited* from better-than-expected results. Awaiting further news of the bid approach, **Peerage of Birmingham** edged forward a penny more to 63p, after 65p, and **Thomas Witter** hardened a penny to 49p following news that a large shareholding *has changed hands.* **Fairbairn Lawson** hardened 3 to 62p on an investment recommendation and comment on the preliminary results helped **Macarthys Pharmaceuticals** to put on 7 more to 101p. **Photo-Me** jumped 27 to 325p on revived demand and **Hoover** *A improved 5 to 300p; the latter's* interim figures are due on August 3. Among firm furniture issues, **Parker Knoll** A rose 5 to 113p. Investment currency influences prompted a fresh fall of 2¼ to £66¾ in **Schlumberger.**

Noteworthy price movements were few and far between in Motors and Distributors. **Lucas Industries** finished 4 easier at 310p, while **Harold Perry,** at 119p, gave up 3 of the previous day's rise *of 9.* On the bid front, **Manchester Garages** closed a shade harder at 35p on the increased first-half profits.

On a smaller turnover, **Associated Newspapers,** 181p, and **United Newspapers,** 342p, found support and firmed 3 and 4 respectively, while *Pearson Longman,* subject to an offer from **S. Pearson,** held steady at 248p. The rejection of the offer of 63p from Starwest Investment by the *independent directors of Tridant* stimulated little interest and the close was unchanged at 69p.

Dealings in **Thomson Organisation** are expected to be resumed *today following details which were* released well after the market's close of the proposed reorganisation through a new Canadian-based parent holding company.

Following the previous day's fall of 9 on the news of the breakdown of bid discussions, **English Property** improved a penny to 38p. Other Properties barely moved from overnight levels. **Stock Conversion** however, standing 4 higher at 266p *awaiting the annual results,* reacted immediately on the anouncement to finish a couple of pence lower on balance at 260p. Elsewhere, **Jermyn Investment** gave back 2 of the previous day's gain of 4 at 38p, but **Regional** closed that much to the good at *76p.*



Oils quietly dull

British Petroleum, quietly traded, shed 8 to 864p in late dealings *following a lower opening* on Wall Street, but **Shell** maintained the overnight level of 560p. **Lasmo "Ops"** attracted further small buying and firmed 15 to 365p *for a two-day improvement of 30.* In contrast, **Siebens (UK)** cheapened 6 to 394p on a little *profit-taking* and **Royal Dutch** eased 1¼ points to £46¾ on dollar premium influences.

Awaiting today's preliminary figures, **Inchcape** declined 7 to 308p. Other dull spots in Overseas Traders included **Great Northern,** 2¼ points off at £60, and **Sime Darby,** *4 cheaper at 107p.*

Investment Trusts were generally quiet and little changed. **Caledonia Investments** proved an exception at 251p, up 12, on small *buying in a restricted market.* Japanese issues continued firmly in the wake of Press comment with **Jardine Japan** closing 3 better at 162p. Currency influences, *however, clipped 1¼ from* **Rolinco** at £46¼ and 2 points from **Robeco** at £59.

Furness Withy became an erratic market in idle Shippings, *briefly touching 249p before* easing to close 3 better on balance at 246p. **James Fisher** firmed 5 to 165p as did **Hunting Gibson,** to 112p.

Still reflecting the dividend omission and profits setback, **Harold Ingram** reacted 4½ to 29p for a two-day loss of 9. **Courtaulds** ended 2 off at 115p, while similar falls were seen in **Richards,** 21p, and **Cawdaw,** 30p. Against the trend, **Dawson International** rose *7 more to 149p on revived speculative* interest.

Plantations had an easier bias. Following the recent good rise, **Guthrie** came on offer and gave up 6 to 367p. Losses of 5 were seen in **Castlefield,** 240p, and **Williamson,** 178p, while **Kuala Lumpur Kepong** shaded 3 to 76p. **Jokai** and **Longbourne,** which *following the merger will be* traded from today as Lawrie Plantations, were quoted at 350p and 375p respectively; the prices shown in yesterday's issue were *incorrect.*

Golds give ground

The further decline in the investment dollar premium affected all overseas mining markets, exacerbating price reactions in generally subdued trading.

South African Golds lost their early firmness, with prices drifting off after the announcement of the latest US trade deficit, but *they closed off the bottom.* The Gold Mines Index retreated 4.8 more to 170.6.

The market was given *little* guidance by the movements of the bullion which eventually closed unchanged at $194.375 an ounce.

West Dries and **Western Holdings** both fell ¾ to £21¾ and £20¾ respectively, while **Hartebeest** were ¾ easier at £13¾. **Winkelhaak** lost 30 to 801p and **Buffelsfontein** declined 25 to 961p.

A slightly lower trend was also evident among the South African *Financials with Anglo American* 4 softer at 324p on small Cape selling despite the encouraging picture painted in the annual report. **De Beers** were again easier in sterling terms, down 4 at 380p, but they held steady in New York.

With a strong performance in Sydney overnight, Australians had a firm undertone and falls, as in **Pancontinental,** which was ¾ easier at £13¾, and in **Peko-Wallsend,** which lost 7 to 530p, *were caused by the lower premium.*

But there were advances for some of the participants in the Ashton diamond venture. **Conzinc Riotinto** *of Australia* were 8 harder at 258p and **Northern Mining** gained 2 to 115p.

Some of the smaller speculative stocks came over strongly *from Sydney and this allowed* **North West Mining** to hold a gain of 4 to 36p.

Among the London Financials, **Consolidated Gold Fields** were the feature, *appearing in the list* of active stocks. After holding at 188p, the share eventually slipped to 183p for a loss of 3, in line with the gold share market.

Among Tins, **Geevor** were unchanged at 135p after their higher profits and dividend announcement but trading through the whole sector was light.

FINANCIAL TIMES STOCK INDICES

[illegible]

HIGHS AND LOWS

[illegible]

S.E. ACTIVITY

[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Money was given for the call in Burmah Oil, Coral Leisure, English Property, ICI, Siebens (UK), W. G. Frith, Lex Service, RCA International, Consolidated Gold Fields, Silverminés, Northwest Hoist and Lonrho. A put was done in Booker Bros., while doubles were arranged in Booker Bros., British Land, Burmah Oil, Hong Kong Land and English Property. A short-dated call and double were transacted in International Computers.

EUROPEAN OPTIONS EXCHANGE

[illegible]

APPOINTMENTS

C. Aston heads Powell Duffryn

Mr. Chistopher Aston has become chairman of POWELL DUFFRYN following the retirement of Sir Alec Ogilvie. Mr. Aston, who is 57, joined the board of Powell Duffryn as a non-*executive director in December,* 1977, and was appointed a deputy chairman. He continues as a non-executive director of Ready Mixed Concrete and of Rolls-Royce Motors.

★

For reasons of ill health Sir Max Aitken *has resigned from the* Board of TRAFALGAR HOUSE.

★

Mr. A. W. Clements will join the Board of GILLETT BROTHERS DISCOUNT COMPANY on August 1, as a non-executive director.

★

Mr. P. M. McGahey, Mr. P. G. Puttock and Mr. D. J. Nolan (upon his return from Bahrain) have been appointed assistant general managers of the UNITED BANK OF KUWAIT.

★

Mr. J. Spindler has been appointed a director of PRESSAC HOLDINGS.

★

Mr. Jeffrey S. Howles has been appointed chief operating executive of the recently formed World Investment Banking Group of AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION. He also becomes *managing director of Amex Bank.* The new group will be based at Amex Bank in London. Mr. Howles was formerly president of Wobaco Holding Company, SA.

★

Mr. Jude Spruce has been appointed chief executive of SILENTNIGHT CABINETS. *He* was formerly sales director with the company.

★

Professor P. G. Sammes has been appointed to the chair of organic chemistry at LEEDS UNIVERSITY from April 1, 1979. *He was appointed the first* professor in Organic Chemistry at City University in 1975.

★

British Rail Shipping and International Services Division has appointed Mr. Derek Roberts as chief traffic manager, CONTINENTAL AND CHANNEL ISLANDS SERVICES, from August 1. He was previously chief traffic manager of Irish and Isle of Wight Services.

★

Mr. J. B. Davis has been appointed to the Board of ASSOCIATED LEAD MANUFACTURERS from September 1.

★

Mr. Gordon Amery is to take up the appointment of general manager, central laboratories, of the CO-OPERATIVE WHOLESALE Society in Manchester from early September. He is at present with Cadbury Typhoo. Mr. Amery, *who will report to Mr.* Maurice Bromilow, food controller, will also become managing director of Pestoxin, a CWS subsidiary.

★

Mr. T. D. Mitchell has become a partner in GITTINS AND CO., *stockbrokers.*

★

Mr. Kenneth Dibben has been appointed to the Board of the KALAMAZOO GROUP, as a non-executive director from August 1. Mr. Dibben, who was a director of Hambros Bank, left that bank earlier this year to devote more time to his private business consultancy interests. He is chairman of Bowcom Electronics and *Hantscon International.*

★

Mr. Roger L. Arundale has been appointed a director of the CHESHIRE BUILDING SOCIETY. *He* is financial controller of London Scottish Finance Corporation and a director of London Scottish Banking Corporation.

★

NATIONAL WESTMINSTER BANK has appointed a marketing manager for each of its eight regions as a further move in the development of marketing activities. They are Mr. A. D. Phillips (City), Mr. P. W. Norcross (West End), Mr. G. W. Brown (Outer *London), Mr. D. Blount (Eastern),* Mr. J. B. Cross (North), Mr. D. C. Griffiths (South-East), Mr. M. J. Godsland (South-West) and Mr. F. Griffiths (West Midlands and Wales).

★

Mr. J. D. F. Drum, group *secretary,* SIME DARBY HOLDINGS, has transferred his department from Singapore to Kuala Lumpur. *Mr. F. C. Whiting will* join the company in Kuala Lumpur on September 1 as group secretary (designate) and will take over as group secretary early *next year when Mr. Drum returns* to the UK.

★

Mr. Michael Cranston, group management accountant in P & O since May, 1977, has been appointed financial director of member companies BISHOPSGATE INSURANCE and LEADENHALL INSURANCE.

★

Mr. G. W. P. Camble has been appointed by the ROYAL TRUST COMPANY, Montreal, as assistant vice-president, European region. He will be based in the London offices of its UK subsidiary, the Royal Trust Company of Canada.

★

The Secretary for Education has appointed Sir Frederick Dainton as chairman of the BRITISH LIBRARY BOARD for four years from December 3, 1978. *He will succeed* Viscount Eccles. Sir Frederick is at present chairman of the University Grants Committee and his term of office ends on September 30.

★

Mr. J. S. Martin has been appointed to the Board of the ATHOLL ASBESTOS AND RUBBER COMPANY from August 1.

★

Mr. F. C. Judge is to become managing director of ARGOSY *FENTON from July 31. Mr. L. D.* Salmon has been made commercial director. The parent concern is Halma.

★

Mr. B. E. Colton has resigned as executive chairman and chief executive of SAMUEL OSBURN AND CO., and as a director of its subsidiaries and has been appointed president of Osborn Mr. A. A. Watt. Mr. A. L. Wallis and Mr. A. J. Laughland have joined the *Boards of Osborn, Osborn Steels,* Usborn-Mushet Tools, and Samuel Osborn Overseas. Mr. Watt remains managing director of Aurora but as an interim measure, Mr. R. Atkinson has assumed direct responsibility for Osborn and its subsidiaries. *Mr. P. B.* Spark and Mr. P. Baring have resigned from the Board of Osborn.

Aurora Holdings acquired a *majority share in Samuel Osborn* and Co. on May 15, 1978, and now holds approximaely 98 per cent of Osborn's issued share capital.

★

Mr. Eric Dancer, deputy chairman of the furniture division of CHI INDUSTRIES (UK), has joined the main Board. Mr. Ian Moorcock, sales director of Bluestone Furniture, becomes director of sales of the furniture division and Mr. Jack Warren, sales direc*tor of Evans Bellhouse, is now* deputy director of sales of that division. Mr. Christopher Bolton, managing director of Evans Bellhouse, takes additional responsibility *as managing director of* Bowker Brothers (Clitheroe) and Mr. Arnie Kosky is now director *of marketing of the furniture division.* Mr. Peter Ireland has resigned as managing director of Bowker Brothers (Clitheroe) and Mr. Paul Tebbutt has resigned as sales director.

★

HOVERINGHAM GROUP has made the following internal promotions: Mr. K. A. Pitchford and Mr. P. H. Ward as members of the group management committee. Mr. G. Wilson and Mr. A. D. *Tunbridge become alternative* members and will respectively deputise for Mr. W. J. Sheppard and Mr. R. Whiteside *in their* absence. Mr. Pitchford has been made chairman of Hoveringham Gravels (Midlands) in addition to his position of managing director. Mr. Ward is now chairman of Hoveringham Gravels (Northern). He also becomes a director of Hoveringham Stone and will take over as chairman on April 1, 1979. Mr. Wilson has been appointed *managing director of Topmix.*

Caledonian plans new head office

BRITISH CALEDONIAN Airways is seeking planning consent from Crawley Borough Council to build a nine-storey office block at the County Oak roundabout near Gatwick Airport.

The 5½-acre site for the airline's new headquarters is close to the London-Brighton road. Part of it used to be Crawley's coach station.

Work on the air-conditioned building is expected to start in the autumn of next year, and be completed early in 1981.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	62	11
Corpns., Dom. and Foreign Bonds	10	3	51
Industrials	289	305	[illegible]
Financial and Prop.	106	97	312
Oils	4	14	16
Plantation	2	11	19
Mines	15	82	31
Recent Issues	7	5	30
Totals	437	579	1,414

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (128)

BRITISH FUNDS (1)
BANKS (2)
BEERS (1)
BUILDINGS (8)
CHEMICALS (5)
DRAPERY & STORES (10)
ELECTRICALS (8)
ENGINEERING (9)
FOODS (2)
HOTELS (2)
INDUSTRIALS (20)
NEWSPAPERS (2)
PAPER & PRINTING (1)
PROPERTY (2)
SHIPBUILDERS (1)
SHIPPING (1)
SHOES (2)
SOUTH AFRICANS (1)
TEXTILES (5)
TRUSTS (44)
MINES (3)

NEW LOWS (2)

INDUSTRIALS (1)
Hanimex
SOUTH AFRICANS (1)
Hulett's

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	385	−6	396	[illegible]
BATs Defd.	25p	11	277	−1	296	227
Distillers	50p	9	192	−1	198	163
Ladbroke	10p	9	165	+6	215	135
Beecham	25p	8	678	−2	680	583
Jones (Ernest)	10p	8	141	—	146	140
Metal Box	£1	8	338	—	338	288
Shell Transport	25p	8	560	—	586	484
Burmah Oil	£1	7	72	−1	73	42
Lucas Inds.	£1	7	310	−4	318	240
Boots	25p	6	213	−1	231	184
Cons. Gold Fields	25p	6	185	−3	204	163
Guthrie	£1	6	367	−6	375	211
NatWest	£1	6	270	−3	298	250
Royal Insurance	25p	6	380	—	423	343

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed., July 26, 1978: Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. July 25 Index No.	Mon. July 24 Index No.	Fri. July 21 Index No.	Thurs. July 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	222.34	−0.1	17.12	5.51	[illegible]	222.49	221.28	219.26	216.05	176.18
2	Building Materials (28)	201.71	+0.1	17.32	5.50	8.21	201.55	198.34	196.72	194.17	145.87
3	Contracting, Construction (27)	353.03	−0.2	19.77	4.19	7.35	353.79	349.54	344.37	341.49	240.06
4	Electricals (15)	475.22	+0.1	14.50	[illegible]	9.75	474.72	475.74	470.54	460.89	359.05
5	Engineering Contractors (14)	328.21	−0.2	18.28	6.29	7.28	[illegible]	328.44	326.27	321.09	[illegible]
6	Mechanical Engineering (72)	179.01	−0.3	18.27	6.01	7.34	179.57	178.76	177.14	174.31	157.01
8	Metals and Metal Forming (16)	167.13	+0.1	17.10	8.42	7.97	167.02	166.29	165.68	164.58	144.65
	CONSUMER GOODS										
11	(DURABLE) (52)	204.22	+0.2	16.94	5.14	[illegible]	203.85	203.91	202.78	198.62	164.04
12	Lt. Electronics, Radio TV (15)	243.05	+0.6	15.33	4.18	9.17	242.48	243.33	241.85	235.85	191.01
13	Household Goods (12)	183.02	+0.7	16.12	6.20	8.56	181.83	179.24	176.85	175.62	156.57
14	Motors and Distributors (25)	126.50	−0.5	19.66	6.40	7.09	127.16	127.00	126.64	[illegible]	105.41
	CONSUMER GOODS										
21	(NON-DURABLE) (174)	209.63	−0.3	15.51	5.73	8.74	210.30	209.44	206.52	202.58	162.82
22	Breweries (14)	229.23	−0.4	14.90	5.94	9.55	230.12	228.62	224.95	219.55	169.13
23	Wines and Spirits (6)	271.42	−0.5	15.77	5.33	9.62	272.67	271.45	265.18	258.79	196.96
24	Entertainment, Catering (17)	257.94	−0.3	15.26	[illegible]	9.59	258.70	257.41	254.77	[illegible]	203.56
25	Food Manufacturing (21)	200.35	−0.2	[illegible]	5.52	7.01	200.83	199.56	197.42	197.74	168.97
26	Food Retailing (15)	216.36	−0.5	14.05	4.77	[illegible]	217.46	215.09	215.00	[illegible]	160.88
32	Newspapers, Publishing (12)	417.65	+0.2	9.65	3.00	14.80	416.75	416.72	413.99	402.75	296.41
33	Packaging and Paper (15)	136.63	−0.1	19.15	7.76	6.89	136.78	136.08	135.80	134.03	114.60
34	Stores (39)	195.97	−0.2	10.98	4.60	13.39	196.42	195.70	191.92	185.01	143.49
35	Textiles (25)	177.51	−0.6	18.69	[illegible]	6.94	178.58	179.07	178.10	177.40	[illegible]
36	Tobaccos (3)	252.05	−0.6	21.77	7.43	5.42	[illegible]	253.02	247.77	246.78	203.39
37	Toys and Games (6)	110.36	−0.7	18.43	5.76	6.63	111.11	111.04	111.44	107.69	98.48
41	OTHER GROUPS (97)	202.90	−0.5	15.82	[illegible]	8.28	[illegible]	202.55	200.81	198.44	175.33
42	Chemicals (19)	288.90	−1.0	17.11	6.05	7.94	291.88	291.74	290.01	285.98	245.94
43	Pharmaceutical Products (7)	265.89	−0.3	10.87	3.85	11.45	266.80	263.69	262.26	259.76	0.00
44	Office Equipment (6)	129.57	−0.7	18.49	[illegible]	6.40	130.44	129.59	128.33	127.56	103.66
45	Shipping (10)	417.25	+0.7	17.37	7.34	[illegible]	414.52	411.86	405.83	401.64	474.26
46	Miscellaneous (55)	214.02	−0.1	16.77	6.19	7.96	214.22	212.20	209.58	206.99	171.88
49	INDUSTRIAL GROUP (495)	[illegible]	−0.3	16.08	5.63	8.42	[illegible]	[illegible]	215.00	211.49	175.46
51	Oils (5)	492.73	−0.5	14.98	4.01	7.24	495.16	495.72	496.05	488.78	508.15
59	500 SHARE INDEX	240.76	−0.3	15.91	5.39	8.22	241.48	240.41	238.36	234.54	201.52
61	FINANCIAL GROUP (100)	167.33	−0.2	—	5.71	—	167.51	167.26	165.65	164.90	134.31
62	Banks (6)	187.15	−0.7	24.42	6.11	6.20	188.42	188.77	188.08	189.85	153.59
63	Discount Houses (10)	206.41	+1.3	—	8.38	—	203.85	203.45	204.80	204.49	163.47
64	Hire Purchase (5)	156.68	−1.7	[illegible]	5.26	11.74	159.47	159.12	157.28	157.37	124.49
65	Insurance (Life) (10)	140.84	+0.6	—	6.46	—	140.06	140.32	[illegible]	137.22	108.97
66	Insurance (Composite) (7)	128.91	−0.4	—	6.62	—	129.40	128.50	127.13	125.74	109.27
67	Insurance Brokers (10)	348.50	−0.2	13.51	4.51	10.60	349.23	346.43	345.35	340.15	298.69
68	Merchant Banks (14)	79.96	−0.4	—	[illegible]	—	80.31	80.22	80.17	79.84	64.85
69	Property (31)	241.89	+0.2	2.93	3.09	47.68	241.33	242.42	237.75	235.47	178.86
70	Miscellaneous (7)	109.01	+0.2	23.29	[illegible]	5.59	108.74	107.76	105.32	104.62	89.97
71	Investment Trusts (50)	225.24	−0.1	3.08	4.52	32.43	225.41	223.98	223.27	[illegible]	168.97
81	Mining Finance (4)	101.18	−0.7	17.44	6.88	6.98	101.92	102.22	[illegible]	99.65	92.25
91	Overseas Traders (19)	324.23	−0.8	16.15	6.58	7.60	[illegible]	324.08	318.90	319.35	267.51
99	ALL-SHARE INDEX (673)	222.01	−0.3	—	5.45	—	222.66	221.73	219.86	216.87	185.90

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

[illegible]

[illegible]

INSURANCE, PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	36.9	38.9	.....	—
Equity Acc.	31.8	33.5	.....	—
Property Fd.	148.5	156.4	.....	—
Property Acc.	154.6	162.8	.....	—
Selective Fund	91.1	95.9	.....	—
Convertible Fund	131.3	138.3	.....	—
♥Money Fund	122.0	128.5	.....	—
Pens. Property	174.7	183.9	.....	—
Pens. Selective	86.1	90.7	.....	—
Pens. Security	137.2	144.5	.....	—
Pens. Managed	179.3	188.8	.....	—
Pens. Equity	163.3	171.9	.....	—
♥Prop. Fd. Ser. 4	127.3	134.0	.....	—
♥Man. Fd. Ser. 4	134.6	141.7	.....	—
♥Equity Fd. Ser. 4	35.3	37.2	.....	—
♥Conv. Fd. Ser. 4	112.1	118.1	.....	—
♥Money Fd. Ser. 4	110.1	115.9	.....	—

Prices a July 25. Valuation normally Tuesday.

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

♥Equity Fd. Acc.	186.3	196.0	.....	—
♥Fixed Int. Acc.	140.1	147.5	.....	—
♥Gtd. Money Fd. Ac.	114.6	120.6	.....	—
♥Intl. Man. Fd. Acm.	107.7	113.4	.....	—
♥Prop. Fd. Acc.	108.9	114.6	.....	—
♥M'ple Inv. Acc.	165.5	174.1	.....	—
Equity Pen. Fd. Acc.	219.9	231.4	.....	—
Fixed I. Pen. Acc.	177.5	186.8	.....	—
G'td. Mon. Pen. Acc.	129.6	136.4	.....	—
Intl. Mn. PnFdAcc.	114.4	120.4	.....	—
Prop. Pen. Acc.	123.4	129.8	.....	—
M'ple Inv. Pen. Acc.	202.6	213.3	.....	—

AMEV Life Assurance Ltd.♥
Alma Hse., Alma Rd., Reigate. Reigate 40101.

AMEV Managed	137	144.4	.....	—
AMEV Mgd. 'B'	110.3	116.2	.....	—
AMEV Money Fd.	105.2	110.8	.....	—
AMEV Equity Fd.	110.7	116.6	.....	—
AMEV Fixed Int.	92.3	97.1	.....	—
AMEV Prop. Fd.	97.2	102.4	.....	—
AMEV Mgd. Pen. Fd.	96.7	101.9	.....	—
AMEV Mgd. Pen. 'B'	97.4	102.6	.....	—
Flexiplan	96.8	102.0	.....	—

Arrow Life Assurance
30, Uxbridge Road, W.12. 01-749 9111

Sel. Mk. Fd. Cp. Unt.	82.9	87.7	.....	—
Sel. Mk. Fd. St. Unt.	98.8	104.4	.....	—
Pen. Mgd. Fd. Eq.	121.4	125.2	.....	—
Pen. Mgd. Fd. F.I.	113.2	116.7	.....	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E.7. 01-534 5544

Barclaybonds*	125.4	132.1	+1.3	—
Equity	117.6	123.8	.....	—

[illegible]

General Portfolio Life Ins. C. Ltd.♥
60 Bartholomew Ct., Waltham Cross. WX31971

Portfolio Fund		138.1		—
Portfolio Capital	42.2	44.4		—

Gresham Life Ass. Soc. Ltd.
2 Prince of Wales Rd., B'mouth. 0202 767655

G.L. Cash Fund	97.1	102.2	+0.1	—
G.L. Equity Fund	108.3	114.0	−1.4	—
G.L. Gilt Fund	112.7	118.6	+0.9	—
G.L. Intl. Fund	119.1	125.4	−2.0	—
G.L. Ppty. Fund	96.9	102.0	+0.1	—

Growth & Sec. Life Ass. Soc. Ltd.♥
Weir Bank, Bray-on-Thames, Berks. 0628-34284

Flexible Finance		£1,048		—
Landbank Secs.		53.97		—
Landbank Secs. Acc.	114.4	117.4		—
G. & S. Super Fd.		£7.804		—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7107

Property Bonds	176.9	184.2	.....	—

Hambro Life Assurance Limited♥
7 Old Park Lane, London, W1 01-499 0031

Fixed Int. Dep.	125.5	132.2	.....	—
Equity	177.2	186.6	.....	—
Property	163.0	171.6	.....	—
Managed Cap.	140.2	147.6	.....	—
Managed Acc.	173.2	182.4	.....	—
Overseas	120.8	127.2	.....	—
Gilt Edged	124.6	131.2	.....	—
American Acc.	98.2	103.4	.....	—
Pen. F.I. Dep. Cap.	128.0	134.8	.....	—
Pen. F.I. Dep. Acc.	149.7	157.6	.....	—
Pen. Prop. Cap.	204.2	215.0	.....	—
Pen. Prop. Acc.	263.6	277.5	.....	—
Pen. Man. Cap.	206.2	217.1	.....	—
Pen. Man. Acc.	266.0	280.0	.....	—
Pen. Gilt Edg. Cap.	121.8	128.3	.....	—
Pen. Gilt Edg. Acc.	128.5	135.3	.....	—
Pen. B.S. Cap.	124.1	130.7	.....	—
Pen. B.S. Acc.	141.4	148.9	.....	—
Pen. D.A.F. Cap.		102.0	.....	—
Pen. D.A.F. Acc.		108.5	.....	—

Hearts of Oak Benefit Society
15-17, Tavistock Place, WC1H 9SN 01-387 5020

Hearts of Oak	36.5	38.4	.....	—

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	154.8	162.8	.....	—
Property Series A	101.9	107.4	.....	—
Managed Units	166.4	175.2	.....	—
Managed Series A	98.2	103.4	.....	—
Managed Series C	95.5	100.6	.....	—
Money Units	121.0	127.4	.....	—
Money Series A	97.8	102.9	.....	—

[illegible]

AUTHORISED UNIT TRUSTS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	174.0	185.0	.....	—

As at June 30. Next sub. day July 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.		$HK293.94	.....	2.50
Jardine J'pn. Fd.*		$HK362.70	.....	0.90
Jardine S.E.A.		$US17.22	.....	1.80
Jardine Flem. Int.		$HK10.55	.....	—
Intl Pacific Secs.	$HK12.97	13.09	.....	—

NAV July 14. *Equivalent $US78.00. Next sub July 31.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. June 29	$US12.35	12.67	.....	—
CMT Ltd. June 29	£12.77	13.10	.....	—
Metals Tst. July 20	£11.89	12.18	.....	—
TMT July 14	$US10.30	10.57	.....	—
TMT Ltd. July 14	£10.36	10.63	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd		$US15.90	+0.12	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 479-484

INSURANCE BASE RATES

† Property Growth 10½%
† Vanbrugh Guaranteed 9.2%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	24	..	—	—
40	33	Do. 5pc Pref	40	...	—	—
98	98	Chile in Mixed	98xd	......	—	13.10
415	350	German Yng 4½pc	410	......	4½	—
54	46	Greek 7pc Ass	54	......	3½	16.48
51	46	Do 6pc 28 Stab. As.	51	......	6	16.00
44	40	Do 4pc Mixed Ass.	43	......	4	14.65

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 45% (based on US$1.9140 per £)
Conversion factor 0.6986 (0.6788)

CANADIANS

S.E. List Premium 45% (based on $2.1497 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
255	195	Gillett Bros £1	225	+3	15.41	—	10.5	—
29	19	Goode D't Mry 5p	21	....	0.13	—	0.9	—
127	96	Grindlays	127	+4	2.79	21.5	3.3	4.6
260	185	Guinness Peat	238	.....	†10.15	—	6.4	—
217	155	Hambros	164xd	−6	9.76	—	8.9	—
100	81	Hill Samuel	93	....	4.97	—	8.0	—
600	325	Do. Warrants	375	.....	—	—	—	—
347	203	Hong Shng $2.50	325	.....	hQ59c	—	2.1	—
69	52	Jessel Toynbee	58	+1	h3.32	—	8.5	—
215	160	Joseph (Leo) £1	215	+5	8.74	—	6.1	—
52	37	Keyser Ullmann	51	−1	0.67	—	2.0	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON, EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel. 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel. 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel 512-9037
Cairo: P.O. Box 2040. Tel 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel. 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 294 3748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 57 43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel. 554667
Leeds: Permanent House, The Headrow. Tel. 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86 01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
61	35	Barymin	52	−1	—	—	—
17	9	Burma Mines 17½p.	14	......	—	—	—
300	215	Cons. Murch. 10c	215	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	375	......	—	—	—
234	164	R.T.Z.	221	−1	9.54	2.8	6.5
90	50	Sabina Inds. C$1	55	−4	—	—	—
£12	750	Tara Expln. $1	850	+31	—	—	—
45	43	Tehidy Minerals 10p	45	......	1.35	♦	4.5
180	120	Yukon Cons. C$1	171	+5	Q7c	2.9	2.0

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✢ Regional price.
- || No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday July 27 1978

Microelectronics to receive £70m aid

BY JOHN LLOYD

THE GOVERNMENT is to invest £70m over the next five years to assist companies which plan to develop and manufacture microelectronic products. This follows a £15m support scheme, announced earlier this month, aimed at encouraging the use of microprocessors in industry.

It also follows last week's announcement that the National Enterprise Board is to invest £50m in a new company, called INMOS, which would manufacture computer memories and *microprocessors. Thus in the* past month, £135m has been committed by the Government to a variety of initiatives in microelectronics.

The support will be available to companies, both UK-owned and multinationals with a UK subsidiary, which can demonstrate that they have plans for "viable projects which contribute to the *strategy of strengthening* the UK microelectronics industry as a whole."

Mr. Eric Varley, the Industry Secretary, said yesterday that the NEB's plans would not conflict with the present investment. "We need a substantial capacity, both private and public, if we are to compete successfully in this field."

Studies by the Central Policy Review Staff and the Government's Advisory Council for Applied Research and Development were under way to assess what the *social and employment* implications of microelectronics would be.

Mr. Varley said that he had *talked to "one or two very large* companies" about plans they had for investing in microelectronic production. He said that he approved of links between UK companies and foreign companies for microelectronic production of the kind now being negotiated between General Electric and Fairchild of the U.S.

The strategy behind the in*vestment closely follows* the recommendations produced by the Electronic Components Sector Working Party. It is to:

- encourage established companies to build up production of standard design microelectronic circuits (at present there is no volume production of standard circuits in the UK).
- support companies which are already in the specialised circuits market. These would include a number of UK electronics companies.
- support companies supplying equipment and services to the microelectronic manufacturing sector.

A new department will be created *in the* Department of Industry, to be called the *Electronics Applications Division.* It will attempt to make British industry aware of the competitive advantages inherent in the adoption of microelectronic techniques.

Mr. Varley said that he expected that some £250m worth of investment would be encouraged by *the support scheme*, and that thousands of new jobs would be created. *If £70m* proved to be too small an amount, then more would be provided.

Britain will fight American move on Arab trade boycott

BY MAURICE SAMUELSON

THE GOVERNMENT declared yesterday that it would fight the effects in Britain of America's anti-Arab boycott legislation two Trade Department officials are to be sent to Washington for urgent talks on the issue.

Mr. Edmund Dell, Trade Secretary, said the Government was concerned at extraterritorial aspects of the U.S. regulations, which infringed the jurisdiction of the UK and could harm UK trade and employment.

Any UK company which believed it may be affected by the U.S. regulations should contact the Trade Department as soon as possible, he added.

The Department has also circulated a lengthy note to British companies, explaining the American regulations.

Trade Department officials said yesterday's moves were connected with amendments to the U.S. Export Administration Act which come into force next Tuesday. They require U.S.-controlled companies to report receipt of requests to comply with the Arab boycott of Israeli good. The U.S. regulations *apply too, to British companies* in which U.S. shareholders have *stakes of 25 per cent or more.*

The statement by Mr. Dell coincides with discussions on similar British anti-boycott legislation by a House of Lords select committee. Although the Government does not support UK legislation, officials denied that yesterday's move was intended to influence the committee's discussions.

They said that the committee, headed by Lord Redcliffe-Maud, had been told in advance of Mr. Dell's statement. But Lord Byers, sponsor of the Foreign Boycotts Bill, said last night that no mention of it had been made at *yesterday's committee* meeting.

The Department of Trade has itself frequently deplored the Arab boycott and says it has no objections to American legislation. However, it did object to U.S. Justice Department "sticking its nose into our affairs."

Similar protests had been *made to the U.S. over the* attempts to secure information from British concerns in connection with the Rio Tinto-Zinc uranium cartel investigations.

Call to counteract Arab boycott Page 8

EEC doubts over fibres cartel

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT — BRUSSELS, July 26.

THE FUTURE of the "crisis cartel" recently concluded between Europe's major synthetic fibres producers was thrown into renewed uncertainty *today, when the Brussels Commission* decided to postpone until October *further* discussion of a proposal to exempt the arrangement from EEC competition law.

Officially, the delay is attributed to the need to give the matter further study. But privately a number of EEC officials believe that it will be increasingly difficult for the cartel to survive and that other less radical ways may have to be found to alleviate excess capacity and price cutting in the *industry.*

The latest turn of events is viewed here *as an important* personal setback for Viscount Etienne Davignon, the Industry Commissioner who actively encouraged the formation of the cartel.

He consented today to the "provisional" withdrawal from consideration of a proposed regulation intended to legitimise the cartel by excepting it from the Rome Treaty's normal competition rules.

The draft regulation had been reluctantly prepared by the Commission's competition department which strongly doubted that the cartel could be auth*orised under the normal rules.* If approved by the Commission, *the proposed exemption would* still have to win the unanimous backing of the EEC Council of Ministers.

It was agreed today that the Commission would hold a broad ranging debate in October aimed at analysing closely the fundamental reasons for the fibres industry's problems and seeking *suitable solutions.*

Though recourse to a cartel *has not been totally ruled out*, there is a growing body of opinion that other measures to help the industry would be preferable. These might include special aid from the EEC regional and social funds to cushion the impact of redundancies.

The bulk of such aid would probably be intended for Italy, which has engaged in wide spread price cutting.

A number of senior officals point out that the recent arrangements between the producers do not provide for price fixing but only for market sharing and concerted capacity reductions.

Double tax concession sought

BY DAVID FREUD

THE UK Government is seeking a U.S. concession in the Anglo-American double taxation treaty to compensate for the deletion *by the Senate of a key clause.*

Mr. Denzil Davies, Minister of State at the Treasury, said yesterday in a written Parliamentary answer: "There has been a useful exchange of views, but certain aspects require further explanation and discussions will be resumed."

The *talks—between the Inland* Revenue and the U.S. Treasury—mean that the treaty, the negotiations over which began in 1972, cannot be finally approved before November at the earliest.

The amended treaty requires Parliamentary approval and *there will not be time for this* before the recess, which begins next week.

The Senate approved the treaty last month, more than a year after Parliament, although it deleted a clause curbing states' abilities to tax British companies on a unitary basis, which taxes *multinationals on a* proportion of their worldwide income.

The main effect will be in California, where it is estimated UK companies will have to pay in total as much as $30m more than under conventional taxation on profits arising in the state.

The signs are that the UK Government is resigned to the *loss of the controversial clause* and is not prepared to jettison *the whole treaty, which it feels* contains several advantageous items, because of it.

The talks with the U.S. Treasury *probably are directed* towards finding a compensating concession which would pass through the Senate without too much difficulty.

Before the treaty can start operating the same text must be approved by the Senate and Parliament.

Weather

UK TODAY

CLOUDY, some rain.

London, S.E. England, East Anglia
Rain or drizzle. Max. 20C (68F).

Cent. S. and S.W. England, E., N.E. and Cent. N. England, South Wales
Outbreaks of rain. Max. 18C (64F).

E., N.E. and Cent. England, Borders, Edinburgh and Dundee, Aberdeen, N. Wales, N.W. England, Lake District, Isle of Man, S.W. Scotland, Glasgow, Argyll, Northern Ireland
Scattered showers. Max. 17C (63F).

N.W. Scotland
Outbreaks of rain. Max. 14C (57F).

Orkney, Shetlands
Becoming cloudy. Max 13C (55F).

Outlook: Unsettled.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	C	21	70	London	F	19	66
Athens	S	29	84	Luxemb'g	C	21	70
Barcelona	S	27	81	Madrid	S	34	93
Beirut	F	27	81	Manchestr.	C	15	59
Belfast	F	17	63	Mexico C.	S	21	70
Belgrade	S	25	77	Milan	S	27	81
Berlin	S	28	82	Moscow	C	14	57
Brmghm.	C	18	64	Munich	S	26	79
Bristol	S	18	64	Newcastle	C	14	57
Brussels	C	23	73	Oslo	F	19	66
Budapest	F	25	77	Paris	R	17	63
Cardiff	C	17	63	Prague	S	27	81
Cologne	F	26	79	Reykjavik	F	14	57
Copnhagn.	S	20	68	Rome	S	28	82
Dublin	C	18	64	Stockholm	S	20	68
Edinburgh	R	14	57	Strasbrg.	C	28	82
Frankfurt	F	29	84	Tel Aviv	F	28	82
Geneva	C	24	75	Vienna	S	27	81
Glasgow	C	15	59	Warsaw	F	24	75
Helsinki	S	21	70	Zurich	F	26	79
Lisbon	S	25	77				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Jersey	F	18	64
Algiers	S	38	100	Las Plms.	S	28	82
Biarritz	S	23	73	Locarno	F	25	77
Blackpool	C	15	59	Luxor	S	37	99
Bordeaux	C	24	75	Majorca	F	31	88
Boulogne	R	16	61	Malaga	S	28	82
Casablnca.	F	25	77	Malta	S	27	81
Corfu	S	29	84	Naples	S	27	81
Dubrovnik	S	27	81	Nice	F	25	77
Faro	S	29	84	Oporto	C	22	72
Florence	F	30	86	Rhodes	F	27	81
Funchal	F	23	73	Salzburg	S	28	82
Gibraltar	S	29	84	Tangier	S	25	77
Guernsey	F	17	63	Tenerife	S	25	77
Innsbruck	F	27	81	Tunis	S	36	96
Inverness	C	16	61	Valencia	S	29	84
Istanbul	S	26	79	Venice	S	27	81

C—Cloudy. F—Fair. R—Rain. S—Sunny.

All-out strike call at UK defence bases

BY PHILIP BASSETT, LABOUR STAFF

SHOP STEWARDS from the Clydeside dockyard *taken over* yesterday by the Navy to free *the Polaris submarine* Revenge will today call for an all-out strike by industrial civil servants at UK defence bases.

Supplies to the Clyde submarine bases will be blacked by other industrial civil servants. Dockyard workers at a NATO training base in Dorset yesterday banned refuelling Portland-based Navy vessels at sea and called for a ban on refuelling all ships at sea and outside normal hours.

A mass meeting of more than 1,000 workers at the Faslane yard on the Clyde decided *to urge today's York* meeting of shop stewards of 183,000 industrial civil servants to call the strike.

They have already been taking action in support of a pay claim. Revenge has been blacked as part of a campaign against the Government's 10 per cent pay offer made under Phase Three of the pay policy.

Undertaking

Mr. Jim Diamond, chairman of the Faslane shop stewards' committee, said after the meeting that an all-out strike was the only response left to the unions now that the Navy had been called in to break the blacking of Revenge.

Workers at naval dockyards in Portsmouth, Devonport, Rosyth and Chatham have given undertakings that supplies for the Clyde submarine base would be blacked. Lorries already *in transit would* be turned back when they reached *the Clyde.*

Some trade union officials believe, though, that an all-out strike by civilian defence workers would not have as great an effect as the widespread one-day stoppages and blackings for the pay claim that have already hit dockyards, Ministries and the House of Commons.

Dockyard workers at Rosyth, where Britain's two other nuclear submarines, the Repulse and the Renown, have been able to leave because of industrial action, made it clear yesterday that an all-out strike would cause too much hardship to already low-paid workers. A national overtime ban was more suitable.

Naval workers moved in yesterday to load supplies into the Revenge to allow it to relieve Resolution, which is still at sea. Picketing at the base was not possible, though, because of the amount of Navy personnel and the remote location of the base.

Special buses which normally take the workers in were not running because the base was closed to all but specialist Navy staff.

Ships which usually refuel from Royal Fleet auxiliaries offshore at Portland will have to seek refuelling facilities elsewhere. HMS Folkestone, which is undertaking trials for the underwater weapons establishment at *Portland*, has been blacked by Portland dock workers.

The industrial civil servants, *including* all the dockyard workers, are pressing for "substantial" increases in basic pay, consolidation of earlier pay policy supplements, a minimum of four weeks' holiday and a commitment on pay comparisons with private industry.

Two forms of the Government's 10 per cent pay offer have been rejected.

The non-industrial Society *of Civil and Public Servants* yesterday gave its full backing *to the industrial workers'* claim for parity. Members of *the society working in the* Ministry of Defence have been advised not to do any of the work of TGWU members taking industrial action.

U.S. half-year trade deficit now $16bn

BY DAVID BUCHAN — WASHINGTON, July 26.

THE U.S. trade deficit fell sharply in June to $1.6bn (£838m) — the first time it has been below $2bn since September. The result compares with $2.25bn the month before and brings the overall trade deficit *for the first half of 1978* to $16.5bn. At an annual rate this is *still* well above last year's record $26.5bn deficit.

June *was the 25th consecutive* month in which U.S. imports *exceeded exports. But it appears* to bear out Administration pre*dictions that the trade balance* would improve in the last six *months of this year.*

The Commerce Department is *reported to have prepared for* President Jimmy Carter a 12-point plan for a national export drive. It would apparently include an increase of $500m in the level of export credit that the U.S. Export-Import Bank provides, a $20m increase in the export promotion budgets of the *Commerce and State* Departments, and Government guarantees on private credits to small exporting companies.

Administration economists pin their hopes on the likelihood that as growth slows in the second half of 1978, so the economy will suck in fewer imports.

Trade figures for the first half of the year, they claim, were distorted by a combination of the national coal strike and cold weather, which disrupted export shipments, and the introduction *of minimum steel prices in mid-*February which led to a surge in steel imports before that date.

The improvement in the June deficit was due to a 3.2 per cent rise in exports to $12.1bn—mainly in the field of aircraft, food and raw materials—and to a 1.9 per cent decline in imports.

But, imports of machinery and cars rose *slightly in June and* oil imports increased by nearly *10 per cent from May.* In the first six months overall, however, *purchases of foreign oil were* 12 per cent down because of increased Alaskan oil production.

Wall Street and the foreign exchanges had braced themselves for a larger deficit in June. Share prices and the dollar rate improved somewhat after the Commerce Department announced the figure.

Benn plans bigger role for coal power

BY JOHN LLOYD

THE GOVERNMENT is prepared to give a major boost to the coal industry in its efforts to win greater markets, according to Mr. Anthony Wedgwood Benn, the Energy Secretary.

At the same time, Mr. Benn wants to counter what he regards *as the over-powerful influence of* the Central Electricity Generating Board in determining the country's energy policy.

While no final decisions have yet been taken, Mr. Benn favours:

- Subsidising the price of coal to power stations throughout the country.
- Bringing the electricity indus*try more firmly* under Government control, and making it clear that the Energy Secretary, not the CEGB, determines the broad mix of fuel in power stations.

He has already turned down a CEGB request to build an oil-fired power station at Inswork Point, near Plymouth. The board is now considering alternative plans, including the building of a nuclear station near Exeter.

Mr. Benn is also continuing to press the National Union of *Mineworkers* to accept the "right of veto" over pit closures, against the wishes of the National Coal Board.

The NUM leadership is *reluctant* to accept the responsibility for closures, fearing divisions between national and area leaderships.

Mr. Benn, who has clarified his position on coal subsidies, is holding discussions with Mr. Glyn England, chairman of the CEGB and Sir Derek Ezra, chairman of the National Coal Board, on ways to increase the coal burn in power stations.

Benn stands up for coal Page 20

Continued from Page 1

TUC line upsets accord

in Britain's economic and social situation, but it is not compatible with policies that concentrate on restricting pay and constricting collective bargaining."

Mr. Murray said afterwards that the council's stand did not mean automatic support for any union that tried to breach the 5 per cent. Nor would there be a "TUC nanny standing around" telling negotiators to act responsibly. Negotiators remembered the spiralling inflation of a few years ago.

The liaison committee's statement says that free collective bargaining is a "flexible instrument" and vital to the trade union function. At the same *time*, national settlements, particularly in the public sector, are *part of a pattern where the* Government is directly or *indirectly the employer.*

"We do not see new answers *in terms of completely new institutions*, such as Parliamentary select committees to look at pay questions, or new national Boards to determine a pattern of pay.

"We do, however, believe that there must be, each year, a thorough discussion with the trade union movement so that there is a broad understanding in this, as in the other areas of our national economic life."

On industrial *strategy, the* document promises "a considerable extension" in the role of the National Enterprise Board.

"Its proven track record justifies increased funds . . . of *at least £1bn a year," it says.* It should assist in the creation *of new jobs, new investment* and new industries.

Planning agreements are revived as key instruments of Government policy in tackling problems of investment and import substitution. "It is, therefore, essential to conclude as speedily as possible agreements with all the major companies.

On finance and investment, Left-wing demands for wholesale nationalisation of banks and financial institutions have been rejected.

Instead, the document proposes that the Bank of England's role should be to reinforce Government policies approved by Parliament rather than act independently or as representative of the finance houses.

It looks to the Wilson Committee to give serious consideration to a new lending facility for industry, through which insurance companies and other in*stitutions could* provide long-term risk capital for industry *while safeguarding the interests* of their investors.

Instead *of nationalising* the banks, it recommends the re*grouping* of GIRO and the National Savings Bank to create a new publicly-owned bank that could compete with the big four clearing banks.

On taxation, the document says that a further sustained attack should be made on tax avoidance practices and *evasion to help lift* the burden on the ordinary taxpayer.

It proposes the introduction *of an* annual wealth tax on total net wealth of more than £150,000.

The document skirts the controversial question of nationalisation of the construction industry. It calls merely for an *extension of the public sector's* capability and improved *planning of public procurement.*

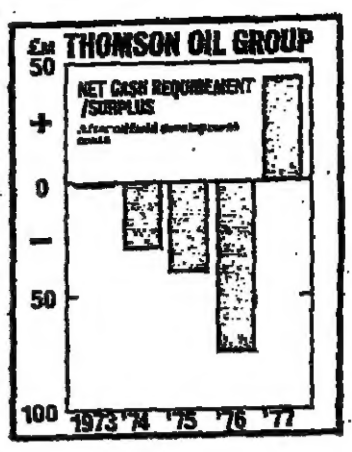
Among the targets for the social programme for the 1980s, the document includes improvements in child benefits, pensions and "a generous level of benefit for the unemployed without removing the incentive to work."

Finally, pledging the movement to a wider democracy, the *document adds:* "We look forward to the abolition of the House of Lords."

THE LEX COLUMN

Adding up the Thomson deal

Index fell 3.4 to 482.0



The first, and trickiest, question that arises from the proposed reorganisation of the *Thomson* Organisation and its oil interests is what the share price *will be* when dealings resume this morning. The answer, probably, is less than the 295p suspension level. The shares had jumped from around 260p since the beginning of July, and the package is not quite what the bulls had been counting on. Initially only a quarter of each Thomson ordinary share is going to rate as a foreign currency security and attract the premium, whereas the rumour had been that the whole lot was going to get this benefit. Jobbers last night were talking about an opening price of 250p to 260p.

This broadly squares with the *financial information* in the scheme of arrangement. What *is happening is that* Thomson is exercising its option to take on 90 per cent *of the* oil interests held by the Thomson family, and is then *in turn* being absorbed by a new quoted Canadian holding company, International Thomson Organisation which will also acquire the outstanding 10 per cent of the oil interests. The enlarged company will have attributable earnings this year of £45m (equivalent to 32.3p per share) of which the oil group will contribute £31m. The dividend payable in 1979 will in the hands of UK residents amount to 13.7p gross per share, which is more than four times the current year payment of the *Thomson Organisation.*

Present value

The new information on the oil interests is in line with market expectations. Revenues and earnings are expected to peak next year as Claymore reaches maximum production, *and in the absence of new finds* will trail back progressively thereafter. *On a present value* basis, the oil interests on some estimates are worth about 160p per share.

Meanwhile the non-oil business is shooting ahead. Interim pre-tax profits have trebled and, with the travel side doing especially well, profits for 1978 *as a whole are forecast to rise* from £19.6m to £36m pre-tax. That produces earnings of around 10p per share and makes the business worth, say, 70p or 80p to the current share price. On top of this comes the premium element, worth a bit under 30p per share. At 260p, the yield on 1979's dividend would be 5½ per cent and the current year p/e would be 8.

The reason for organising the scheme in this way is that *the group is now generating a* substantial cash surplus which it *believes can be deployed* most effectively from a Canadian as opposed to *a UK base.* Despite substantial tax payments and further *capital* investment, the oil side could generate spare cash of as much as £50m next year and the rest of the business could produce another £10m to £15m. The group currently has cash in hand of just over £100m, of which only about a third is being held in reserve for unforseen contingencies in the *North Sea.*

By going to Canada, Thomson *frees itself from exchange* controls and dividend restraint. And it is also a much more tax efficient base for its majority shareholders.

Other UK companies may well look longingly at this type of *arrangement.* But Thomson appears to be a unique case, which no one *else will be in a* position to follow. At the suspension price, the group was capitalised at £380m, and the cost of transferring all the equity overseas through the premium would have been prohibitive—even if the authorities would have been prepared to permit it. But four-fifths of the shares are already held by non-residents, and payment of three-quarters of the premium on the remaining minority will be deferred for up to ten years by issuing to them convertible preference shares which will rank as sterling securities prior to conversion. Despite all this, the group has still incurred an expense of £9.2m in buying enough investment currency to cover the issue to UK residents of common stock in International Thomson.

From its new base, International Thomson will aim to invest around the world—and especially in the U.S.—in communications, leisure and natural resources. The hope is that it will be able to find substantial *new sources of earnings to offset* declining oil revenues. *Attributable earnings could rise* by perhaps a third to very roughly £60m next year, but the group will be running hard to maintain this figure thereafter.

The final question is why the minority is being left in, and whether it is being treated fairly. Buying out the outstanding 70 per cent would have cost at least £100m, and the group says it wants to keep a quote in case it ever needs to issue paper in the UK. The acquisition of the remaining 10 per *cent of the family* oil interests has been carried out on what looks like *a fair basis.* And outside shareholders are left with *what they had to start off with*, plus a bit of premium currency. They may have hoped for more, but that would have represented a substantial cost to the Thomson family.

The bulls may grumble a bit, and the shares will never be such fun again now that everything is known. But the initial reaction to what is admittedly *a highly complex scheme* is that it is fair enough.

Stock Conversion

Stock Conversion and Investment Trust *has not had much* difficulty in beating its forecast that pre-tax revenue for the year to March would exceed £4½m. The actual figure comes out at £5.3m — some 28 per cent better than last time. The principal factor here is undoubtedly the Euston Centre Tower which, following a rent review last March, probably *contributed at least £400,000* more in the year.

In a recent circular broker W. Greenwell estimated that by the early 1980's reversions should add £4.7m to Stock Conversion's pre-tax profits, while in their view an up-to-date valuation of the group's property interests would increase the fully diluted net asset value per share from 352p to 380p. That may be a little on the high side, and with the share price at 260p, the stock market seems to be settling for a figure between 330p and 340p.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.